EVERY-DAY BUSINESS FOR WOMEN

BY MARY ARONETTA WILBUR

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EVERY-DAY BUSINESS FOR WOMEN

EVERY-DAY BUSINESS FOR WOMEN

A MANUAL FOR THE UNINITIATED

BY

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IN MISS DANA'S SCHOOL, MORRISTOWN, N. J.

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TO MY PUPILS
PAST AND PRESENT PATRONS OF
THE DANA SCHOOL BANK
FOR WHOM THESE TALKS WERE
ORIGINALLY PREPARED
THEY ARE AFFECTIONATELY
DEDICATED

FOREWORD

In presenting this little book to the public, I have no word of apology, but only one of explanation. Many years' experience with women's societies and boarding-school girls has brought to my attention the appalling ignorance of really clever women in matters of every-day business. Women who could discuss theosophy intelligently were puzzled by simple accounts and confused by quit-claim deeds; and some who had large means did not know all about the checks which they drew so frequently.

It was to render the girls under my care more intelligent in these matters that these talks were first prepared; hence the simplicity of statement, and the explanation of even well-known technical terms. They are now offered to the larger audience of the uninitiated everywhere, in the hope that they may be of use in dispelling that ignorance, which, more than their sex, is the cause of the unfortunate issue of the business affairs of so many women.

To my friends in the business world in many directions, I am indebted for helpful suggestions; especially in the banking section. And my acknowledgments are also due to the girls whom I

have taught, whose questions and mistakes have been most helpfully suggestive.

May those who need find the book, and may it fill the need!

MARY ARONETTA WILBUR.

Morristown, N. J.

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EVERY-DAY BUSINESS FOR WOMEN

CHAPTER I

THE OFFICE OF BANKS

To hoard, to accumulate values, to lay up in summer for the need of the winter, to make the abundance of to-day provide for the possible want of to-morrow, — this is esteemed a mark of superior intelligence in the lower animals, and even among the races of men. The ant has her granary underground, the bee her honeycomb, the squirrel his hoard of nuts, and man his bag of gold.

When primitive man began to accumulate he followed the fashions and methods of the lower animals, and hoarded his grain in rocky bins or holes in the ground, and dried his fish and game, that, when he needed food, he might have it. But as communities grew up, and contact with others began to tame and civilize man, to regulate his desires and increase his opportunities for securing the necessities of life, his standards of living were raised, and he desired more things and different ones from those which had at first contented him. So, gradu-

ally he evolved that system known as the *division of labor*, whereby the man skilled in doing or procuring or making one thing did it for the community, and then exchanged the products of his industry for other articles that satisfied his wants or desires: and things acquired value according to the amount of desired things for which they could be readily exchanged.

But it was not always convenient to bring the man who had only canoes to offer, in contact with the exact people who had what he wanted, and wanted what he had. And so some clever individual, a nameless benefactor of society, suggested that something that had a value of its own might be used as a medium of exchange; then the man with canoes to sell could part with a canoe for so much of this valuable medium, and exchange that with the man who had the food he wanted to buy. Thus, in all probability, was invented money, the medium of exchange between buyer and seller.

Some of these early forms of money are very curious. Rock-salt served the Abyssinians for money; rice was the medium on the Coromandel shore; cocoa passed in aboriginal Mexico, olive-oil among the inhabitants of the Ionian islands; tea compressed into small cakes was early Russian money; dates circulated among the savages of the African oases; values were expressed, and tithes and wages paid,

in tobacco as late as the early part of the eighteenth century in Virginia; and during the mulberry craze in this country, about 1837, mulberry-slips were current in Long Island at twelve and a half cents each; wheat, cattle, and sheep were exchanged by early Greeks, Romans, and Teutons; wampum-shells, prized as ornaments by the Indians, were used in early New England transactions; iron, lead, and tin have all had their turn in serving as this medium, since each possessed the quality of being valuable in itself, because it was desired by every one.

Yet from the beginning gold has powerfully affected the imagination and desires of men; just why this was so, is a theme for speculation. It almost seems as though it were the embodiment of an evil genius, for among savage and civilized alike, in remote antiquity and at the present day, gold is the object of such universal desire that no crime is esteemed too great to secure it. And since what is universally desired is everywhere valuable, and can be readily exchanged for food, raiment, or shelter, so man, as he advanced beyond the animals, hoarded gold, the symbol and representative of all the things he desired, instead of the things themselves.

Naturally the question arose where should the treasure be kept, for it was too highly esteemed to be kept where the grain and such things had been stored. The gold was hoarded in cleft trees, or holes

in the ground, or caves; or, later, in strong chests of oak, iron-bound and ponderous; or, if the man were too poor for that, the old stocking came into use, or the pots or cans on the shelf, or the inside of a feather-bed. As late as the eighteenth century, Rob Roy kept his money in a purse, which Scott describes as an ingenious contrivance with double locks, and a small pistol inside, so cocked that any unpracticed attempt to open the bag would discharge the pistol.

But all these contrivances at times proved unavailing to guarantee security: the buried treasure might be accidentally discovered, or the hider might carry his secret with him to the grave and his heirs be left moneyless; the strong-box might be carried off when the castle was invaded, the secret stone in the wall or floor might be found; and all the other devices were proven to be equally insufficient to furnish the security demanded. Then it happened that, as the nations advanced in civilization, certain men undertook to safeguard the gold and silver of others, and became bankers of deposit; we find such among the Romans and older nations, and China had a well-developed banking system in 1356 A. D.

Thus was evolved the first function of a modern bank, — to furnish a safe place for valuables, chiefly money. As these first bankers were usually men of

means, — for none others would have been trusted, — they also loaned their own money to the impecunious, charging high rates of interest; and thus the second function of a bank was found, for the bank is a medium of exchange between those who have money and those who need it temporarily and can ultimately repay it. In Italy these men usually sat on a bench, or *banca*, as the Italians call it, in the street, to transact business, and when a man failed his bench was broken, thus proclaiming him bankrupt. From the Italian the words bank and banker were adopted into all European languages, for the Tuscans and Venetians were the greatest money-dealers in Europe. Banking was practiced at Florence in the thirteenth, possibly in the twelfth century; and the money-dealers of Florence were held in high repute as receivers on deposit and lenders of money.

"The names of the Bardi, Accajuoli, Pitti, and Medici were famous throughout Europe. In 1345 the Bardi and the Peruzzi, the greatest mercantile houses in Italy, failed. Edward III (of England) owed the Bardi nine hundred thousand gold florins, which his war with France prevented him from paying; and the King of Sicily owed them one hundred thousand gold florins; the deposits of citizens and strangers with the Bardi were five hundred and fifty thousand gold florins. The Peruzzi were owed six

hundred thousand gold florins by Edward III, and one hundred thousand by the King of Sicily; and the deposits they owed their customers were three hundred and fifty thousand gold florins. The fall of these two great pillars of credit involved that of multitudes of other, smaller establishments, and, says Villari, 'the community of Florence had never been thrown into such disorder before.' And thereupon he breaks out against the folly of his fellow citizens entrusting their money to the care of others for the sake of gain."[1]

The inducement held out by the bankers was an offer to pay interest on deposits received, a certain sum allowed for the use of the money according to the time and amount; hence the old term *usury* applied to this sum. Now the term usury is restricted to a rate of interest in excess of that which is fixed by law.

In England the goldsmiths were the first bankers, but the system developed slowly. It is recorded in a pamphlet published in 1676, and entitled "The Mystery of the New-Fashioned Goldsmiths or Bankers Discovered," that "much about the time of the civil commotion, the goldsmiths began to receive the rents of gentlemen's estates remitted to town, and to allow them, and others who put cash into their hands, some interest for it, if it remained

[1] Leonard H. Courtney, in *Encyclopædia Britannica.*

but a single month in their hands, or even a lesser time. This was a great allurement for the people to put money into their hands, which would bear interest till the day they wanted it; and they could also draw it out by one hundred pounds or fifty pounds, etc., at a time they wanted it, with infinitely less trouble than if they had lent it out on either real or personal security. The consequence was that it quickly brought a great quantity of cash into their hands, so that the chief or greatest of them was now enabled to supply Cromwell with money in advance, on the revenues, as his occasion required, upon great advantage to themselves."

But this was only a small part of a bank's business; to-day its greatest function is not the handling of money, but the manipulation of credit. In 1171 the Republic of Venice needed money, and forced a loan from its wealthy merchants, agreeing to pay four per cent interest for the loan, which was to be in perpetuity: that is to say, the government would never repay the principal, but would pay this small interest as a partial compensation for thus forcibly taking the goods of its citizens. The name of each depositor in this government bank was entered on its credit books, with the amount of his deposit. After a while the merchants began trading with their credit, and found it easier to trade by

transferring a portion of their credit at the government bank than to wear out gold and silver coin by frequent handling. The system spread to other cities; and finally a Florentine banker instituted the system of an exchange of credits with foreign banks; so that a merchant might deposit his funds in London with a banker there, and receive a credit on a German or Italian banker, which could be converted into cash when he was ready to buy goods in that country. He thus escaped the danger of losing his wealth to the robber barons or low-born bandits who infested the highways and forests. So was developed the fourth function of a bank: to provide for the easy and safe transference of money and value, to be a great bureau of exchange.

In the fulfillment of its first function, that of providing a safe place for money, the banks have encouraged the genius of the mechanical inventor, until to-day we have fire-proof and burglar-proof safes and vaults, whose massive doors open only to a secret combination of numbers set for a certain time, and whose spacious interiors would be a marvel to the older generations of bankers, whose gold was kept in strong-boxes.

In fulfilling its function as a middleman between borrower and lender, a bank gathers together idle capital, large or small savings, from many people, and then lends it upon promissory notes, well se-

cured, to captains of industry and other responsible borrowers.

As manipulators of credit, the banks issue bank-notes, and honor checks, and handle all forms of representative money. And as transferrers of value, or exchangers, the commerce and government of the world, as well as the ease and convenience of travelers, depend in large measure upon them.

There is a large and interesting history of banking, which it is not necessary to detail here; and the foregoing sketch has as its only object to demonstrate how gradual and natural has been its evolution from a far-distant past. Institutions are not born full-fledged, and the perfection of the system of banks to-day is the embodiment of the experiments of the past, and a true "survival of the fittest."

And as in our own times the operations of banks have become more far-reaching, so we may hope in the future for other and more diversified fields of usefulness for this great system. Already banks are playing their part in international politics; and wars can last only as long as great banks will finance them, by buying the bonds of the belligerents; the bank account of the Dictator settles many of the small South and Central American revolutions. Great bankers of several countries meet to arrange for financing such projects as building trolley tow-

ing-lines on the Nile, or railroads in Persia. So the money that was made in the middle United States may be found giving energy and life to enterprises in Africa and Asia. All this we welcome as tending not only to a better understanding between nations, but to the growth of fraternal feeling; for it is still true that "where your treasure is, there will your heart be also."

CHAPTER II

THE FORMULAS AND METHODS OF BANKING

BEFORE entering upon a general discussion of the functions of a bank, let us diverge a little and consider it in its relations to ourselves. Suppose we have saved money, or have had it given to us in the form of checks, or sent to us in express receipts or postal notes, or sight drafts, or foreign exchange, or promissory notes. What shall we do with it? Almost everybody has some faint idea of banking, but for the sake of the few totally uninitiated let us assume ignorance for all.

The first step is to go to the bank, accompanied by a friend who is known to the officials; this friend introduces you, and when your signature and address are entered in the bank's book, his name is entered also as your introducer. This is, technically, identification, and though it seems a simple matter it is important, and often difficult to obtain. Imagine yourself in a strange city, wishing to transact business with a bank; without identification this would be impossible, for generally a bank will not cash checks nor receive deposits from strangers to it. The following case came under my own obser-

vation. A gentleman from a small inland town, where he was a prominent citizen, came to Washington as a medical examiner in the Pension Office. Wishing to open a bank account, he entered a bank, and tried to deposit cash and checks; but the bank refused to receive them. Later he had money sent by express, but the express company declined to pay it; then it was sent him by telegraph, and the Western Union Company demanded, Who's Who? The poor man was nearly desperate, when he fortunately met on the street a former classmate of his son's, who had been a visitor at his house. The young man's father promptly performed the necessary introduction, and then all these representations of money immediately became valuable.

Another interesting case was that of a prominent judge in western Massachusetts, who was in another town on business. Before leaving town he found that he needed more money, but of course the bank required identification; the teller agreed finally to accept documentary evidence, so the judge went to the nearest news-stand and bought the last issue of an illustrated weekly in which his picture had appeared, and presented this as evidence of his identity; the likeness was recognized, and the check was promptly cashed.

Sometimes when one wishes simply to cash a check, and it is not convenient for a friend to go

to the bank, he may write under the indorsement the words "indorsement guaranteed," and sign his name. This the bank accepts, as your friend has thus assumed the responsibility for the genuineness of your check.

It seems strange to persons who have had no business experience that this point should be so emphasized; but the craftily wicked often impersonate other people, and bankers must be wary. Few of us are in the situation of the old woman who awoke from her nap to find such startling changes in her costume that she doubted her own identity, and was much disturbed thereby, until she bethought herself of an identifier, and exclaimed, —

> If I be I, as I think I be,
> There 's my little dog Tray, and he 'll know me.

And the bank cashier always wants to see "the little dog Tray."

It should be noted here in passing, that savings banks make an exception to this general rule, and will receive deposits from strangers without questioning the identity of the depositor.

The introduction accomplished to the satisfaction of all concerned, the cashier then gives you a small printed slip, like the following, and asks you to fill it out.

Deposited with
THE FIRST NATIONAL BANK
of Morristown, N. J.
By Jane Caldwell
October 27, 1908

Bills		10	00
Gold		5	00
Silver			50
Check	New York	25	00
"	Boston	125	00
		165	50

In the appropriate spaces on this slip you write your name and the date, and opposite the various items, the amount of each which is being deposited, listing each check separately; then add the whole amount and present it with the coin, cash, and checks to the cashier or teller. All checks which you deposit must bear your name on the back; this writing is called "indorsing the check"; and as the word comes from Latin words meaning *on the back*, it is manifestly superfluous to speak of "indorsing a check on the back."

The teller then gives you a small book bearing this inscription, for illustration: —

THE FIRST NATIONAL BANK
Morristown, N. J.
In account with
JANE CALDWELL

and inside, on the left, or debit, side writes : —

October 27, 1908 165.50

This book is called the pass-book or deposit-book, and in it deposits are entered as made : the bank thus acknowledging that it is indebted to the depositor for so much money. It is a receipt from the bank ; consequently it is a book to be kept carefully, for should the bank fail, or its books be lost, this might become the only evidence of its indebtedness to you. When one remembers that the pass-book may be needed as legal evidence, it can readily be seen that only the bank official should write in it. I have known girls who, when they had forgotten to bring the book with them at the time of making a deposit, made the entry themselves, on their return home. Such a proceeding would make the book valueless as evidence of the bank's indebtedness. We do not sign receipts for the money we pay others, neither should we make entries in pass-books, which are our receipts from the bank.

Many people think that checks or cash are the only things that can be deposited in banks. This is far from the case. One may make a general statement and say that anything that represents value, and is transferable, may be deposited. This would include post-office money-orders ; various forms of commercial paper, such as sight drafts ; bond-cou-

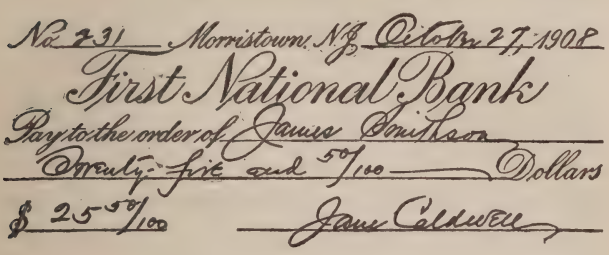
pons and express-company drafts or money-orders; all that is necessary is to indorse them as one would checks and list them for regular deposit.

Having thus put the money safely into the bank, the next question is how to draw it out. Most of us know enough to reply, "By checks," and for this purpose a check-book was given us when we deposited our money; and most of us know also that we can draw out only as much as we have put in. There is an amusing story told of a lady, who upon receiving word from the bank that her account was overdrawn, exclaimed, "But that is impossible, for my check-book is still half full of checks." The error of the lady was due to the fact that when she began a bank account it was taken for granted that she knew all about banking. Now an exhaustive treatise on checks would be both tiresome and unnecessary, but there are some facts about checks which every one should know.

The word itself is a contracted form of *exchequer* —a place where government finances were cared for; and in England the word is usually spelled *cheque*, thus retaining the suggestion of its origin. Now a check, pure and simple, is an order upon a bank to pay a specified amount of money to a specified person or his order, and must bear the date of the order, and the signature of the drawer; the omission of any of these items makes the check

technically imperfect. Let us examine these items in detail and find the underlying reasons for their use; for it may be accepted as an established fact, that wherever we find a fixed and settled usage there is always some reason for it.

Let us draw a model check: —


No. 231 Morristown, N.J. October 27, 1908
First National Bank
Pay to the order of James Smithson
Twenty-five and 50/100 Dollars
$ 25 50/100
James Caldwell

The number in the upper left-hand corner indicates the number of checks which have been drawn since the account was opened at the bank; and as the stub bears the same number, it becomes a convenient way of identifying the canceled checks when they are returned to the depositor for verification. The stub referred to is the slip left in the check-book when a check has been torn out, and should contain a complete memorandum of the particulars of the check; unless this is carefully kept, one will never know the state of her bank account except by inquiry at the bank; and this is a humiliating confession of ignorance or carelessness. Careful

people make the entry on the stub before drawing the check. All deposits should be promptly entered on the stub, and added to the balance there shown; and the amount of the check drawn should be subtracted.

Although some banks will accept an undated check if the drawer or indorser is known to them, yet the date is of importance for several reasons. Checks dated on Sunday or a legal holiday are invalid in many states; a check that has been carelessly dated ahead cannot be cashed before the time arrives. In Ibsen's "Doll's House" he makes the date of a check play an important part; for when Nora forges her father's name on a check to obtain funds for her sick husband, the date betrays her, as her father had died on the previous day, a fact of which she had not been informed.

In writing the amount of your credit at the bank which you desire to have transferred to another person, there are certain forms to be followed; the sum taken in our illustration ($25^{50}/_{100}$) is written in words in the long space, and a wavy line drawn from the point where the words end to the printed word "Dollars"; it is written in figures in the small space at the lower left-hand corner. If the check had been drawn for twenty dollars, it would have been written thus: —

Twenty _____ Dollars

Some very good business people would write such an amount "Twenty and $^{no}/_{100}$," but banks prefer the first form, as $^{no}/_{100}$ is liable to be misread $^{20}/_{100}$. The amount expressed in figures and words must be exactly the same, as a check will not be cashed by a bank when the figures call for one amount and the words for another. Banks are slow to accept a check that has been altered in any particular, although it be only a change of date; for any alteration gives rise to the suspicion that the check has been tampered with, and banks must be cautious in this regard.

It is of the utmost importance that the entire space left for the amount of a check should be filled, either by the words or a line; should the amount be written thus, Fifty Dollars, it would be easy for a clever penman to insert the words "One Hundred and" so that the check would be cashed for one hundred and fifty dollars. This operation is called "raising a check," and is comparatively easy to effect, because the signature is genuine, and the drawer has no redress from the bank. The better plan is to write the amount at the left-hand end of the line, and fill all the remaining space with a wavy line, or else draw a line before and after the words, thus: ——— Fifty Dollars ———.

Sometimes on leaving home a man will give his wife a number of checks, signed and made payable

to her order, with the amount left blank, to be filled in as occasion may require: this is a sort of "carte blanche" that is a token of great confidence, because it places his whole bank account at her disposal.

Sometimes one has occasion to draw a check for an amount less than one dollar, although this should be avoided wherever possible, as it gives the banker as much trouble to care for a one-dollar check as for one for five thousand. During the last term of office of Mr. Cleveland, a Scotch admirer sent him a pair of genuine Scotch woolen gloves. When they passed through the Baltimore Custom House, the duty of twelve cents was paid by another admirer, as a courtesy. President Cleveland promptly sent him a check for the amount: the recipient, however, never cashed the check, but kept it as a souvenir autograph. When one has occasion to draw such a check, the line should read, "Twelve Cents ~~Dollars.~~"

In writing the name of the person to whom the check is to be paid, great care should be exercised. Titles of honor, of form, of courtesy, should never be used. It is equally bad form, in a business aspect, to make out a check to Rev. James Smith or to Mrs. Nora Tyler: they should read respectively "James Smith," "Nora Tyler." Should the check, however, be intended for a lady whose own name you do not know, it may be necessary to write it

thus: "Mrs. Thomas Stevens." Nor should checks be written simply "Miss Brown," without any initials. The reason for this rule is that a check is a business paper, and as such recognizes the individual only as a legal entity, and not as a factor in society. Since this is the business rule, there is no discourtesy in designating the most dignified lady by her given name, on a check. This is the beautiful democracy of business.

In signing checks be careful to use the signature — the sign-manual — that you used in registering on the bank's book. Do not sign checks one day, "J. C. Marsh," and another day, "Jeannette Chandler Marsh," when your registered signature is "Jeannette C. Marsh." Form should be invariable, and the penmanship as nearly uniform as possible. Your signature represents yourself; one would n't expect to be recognized if one masqueraded; and a variable signature makes it hard for the teller to protect the depositor from forgeries of her name by dishonest persons. The signature should be easily legible; it is no sign of greatness, or cleverness, or decided character to have an undecipherable signature. If it is desired to have a curious-looking collection of marks to represent one's self, get a hieroglyphic seal and stamp the checks; but if one really wants people to know who is signing the checks, let the writing be legible. To many

people a careless, slovenly, or illegible signature is very distasteful; it seems to indicate a lack of self-respect, a want of that *amour propre* which sane, educated, well-bred people should have. Moreover bank tellers say that the simplest and most legible signatures are the hardest for forgers to imitate.

Before a check can be cashed it must be indorsed (unless it is payable to "bearer" or to "cash"); that is to say, the name of the payee, or person to whose order it is made payable, must appear on the back, and in exactly the form it bears on the front of the check. If one's name has been written in full, as "Jeannette Chandler Marsh," the indorsement must not read, "J. C. Marsh," even though the other name is a signature which one never uses. Sometimes, through accident or ignorance, the name is misspelled on a check: the indorsement must then be spelled in the same way; but when it is deposited, write under that your usual bank signature. Custom prescribes that the indorsement should be across the left-hand end of the check, and at least an inch from the top, to allow the signature to be seen when it is caught by the clip. The simple writing of the name is known as an *indorsement in blank;* a check so indorsed can be collected by any one who finds it, as easily as if it came honestly into her possession. For indorsed checks circulate as money, and often bear many

indorsements before they are cashed or deposited. For this reason it is better not to indorse checks until one reaches the bank. This indorsement in blank is not the safest form of indorsement, especially if one wants to transfer the payment of the check to some other party. What is termed *a full indorsement* is then used. This consists in writing across the upper left-hand end of the back of the check the words, "Pay to the order of _____" and signing the name; a check so indorsed can go safely by mail. In sending checks by mail to a bank for deposit, the safest way is to make the check payable to the bank to which it is sent, by a full indorsement.

In accepting an indorsed check from another party, and adding one's signature when it is deposited, one becomes liable for the check, and stands sponsor for the good faith and financial ability of the other parties whose names appear on the check. Should the bank on which it was drawn fail before this check reached it from the bank in which you had deposited it, your bank would call on you to refund the amount you had received on it in cash or credit, plus the cost of protest. In turn you would call on the party from whom you received it, for the funds you had advanced, and so on until the original drawer of the check was reached, and upon him would fall the loss for the bank's failure. The rea-

son for this course of action is that, when the check was deposited, your account was credited with that amount: now, if it is returned as of no value, the bank deducts from your account the amount which this check had added to it. If this check had been given you in payment of a bill, then the bill would be still unpaid, and the debtor should pay again.

If a check, indorsed or unindorsed, should be lost or stolen, notice of that fact, together with all the particulars of the check, should be sent at once to the bank on which it was drawn, with a request that payment thereon be stopped. Then, when it was presented there, payment would be refused, and so the first step taken in finding the dishonest party: but you would not suffer the loss, as the notice to the bank has enabled it to protect the drawer's account from this check which you had dishonored.

When for any reason a bank protests a check, a notice like the following is sent to every bank or individual whose name appears as indorser of it; the form of this notice varies slightly in different states.

$20.00 MORRISTOWN, N. J., *January* 27, 1910.

You will please take notice that a check, made by William Roe to the order of Jane Roe, for Twenty Dollars, dated Morristown, N. J., January 25, 1910, payable at The Morristown Trust Company, indorsed

by you, was after due presentment *protested* this evening for non-payment, and the holder looks to you for the payment thereof.

To———— JOHN DOE,
Notary Public.

Some banks refuse payment, and protest checks of their own customers who may have overdrawn their accounts carelessly or purposely. But generally a bank will "honor the check," as the phrase runs,— that is, will pay it, and then send the customer a notice of this sort:—

DEAR SIR: Your account at this bank appears overdrawn by the amount of_____Dollars and_____ cents. Please call and make a deposit to cover the same before noon to-morrow.

And this notice must be heeded or one's credit at the bank is lost. It is to avoid such unpleasant notices that one's check-book should be kept carefully balanced, so that at a glance one can know the exact amount in bank.

Sometimes in making large purchases of land or houses or bonds, the request will be made that the amount be paid by *certified check*. This is very easy to obtain: draw the check properly, then take it to the bank, and ask the cashier to certify it. This he proceeds to do by first examining your account on

the bank's ledger. If this is found ample to pay the check, he writes across the upper end of the face of the check, "I certify that this check is good for [naming the amount]," and signs the statement as cashier. Certified checks are required for these transactions because such a check is as good as money; for all the assets of a bank are behind this certification by its cashier, who acts as its agent: moreover, payment cannot be stopped on a certified check.

The uses of checks are many and various. Besides the primary one of serving as a convenient way of drawing on one's credit at the bank for sums to suit one's needs, they furnish also an admirable medium for the payment of bills. They can be drawn for the exact amount of the bill, thus avoiding the trouble of making change; and they also serve the useful purpose of receipts which recount day, and sum, and to whom paid, and are almost incontestable evidence of the payment of a bill.

Banks usually close early on Saturday, and earlier on other days than one's emergencies would render necessary: in such a case one can obtain money on a check if one can find a shopkeeper or friend who will cash it. Some people put checks to a curious use, and apparently keep their accounts by this means. A bank teller told of a man who always paid his employees by checks, which they

indorsed, and which he then cashed for them; his object must have been to have receipts for the money, and he took this method instead of having them sign the pay-roll.

When a check which has been sent for goods which could not be supplied, is returned, or for any other reason comes back unpaid to the original drawer, its proper disposal becomes a question. The best way is to destroy the check, and on the stub of the check-book make a credit entry by these words: "By check no. 112 returned, $30," or whatever the number and amount may really be.

The final word about checks is that which concerns their return to the original drawer. At least once in three months the pass-book should be taken to the bank and left there to be balanced. After a few days it will be returned, together with all the checks which the bank has cashed, and which the bank terms *vouchers*. Now what do we find in the pass-book? The left-hand side is unchanged, except that the amounts of our deposits have been added together; but on the right-hand side, which is the bank's credit side, we find a list of items corresponding to the amounts for which the inclosed checks were given. These are added in pencil, and underneath is a line in red ink which reads, for example, "Dec. 3. Balance 200.52." This amount added to the checks equals the sum

of our deposits, and so the two sides of the book balance. This balance is then transferred to the other side, as if it were a new deposit, and the account takes a fresh start.

This was the earlier practice and is still followed in many places; but with the introduction of adding machines this has been largely superseded in city banks. In some it is the custom to inclose a typewritten list of the amounts of all checks returned, and their sum-total, and to stamp on the book the words "Inclosed list — Vouchers returned," and treat the balance as above stated. In others, the deposits, or credits, are added, and the left-hand page stamped, —

Total credits . . . . . .
Less canceled vouchers as per list herewith . .
Balance . . . . . .

In this form the right-hand page is left blank. Still other banks use statement envelopes in which the checks are returned, and reserve the bank-book solely for the entry of deposits. These various forms of bank accounting are matters of choice or convenience, and the essential principle is the same: that the bank thereby presents its account to the depositor of what it has received from her and paid out upon her order.

After checking off the items, one should take

the checks and compare them with the stubs; if all the checks drawn have been cashed, the check-book should show the same balance that the pass-book does; if it does not, then you have made a mistake somewhere in your additions or subtractions, or in transferring the amount from one page to another.

But suppose the checks have not all been returned, what then? In that case, take note of the unreturned checks, add their amounts, and subtract the sum from the bank balance; and if your arithmetic has been correct pass-book and check-book will agree. On the stub make an entry like this, supposing the amount is $43: —

Dec. 3. Bank balance	$200.52
By checks #13, 90, 91, not returned	157.52
True balance	$43.00

These returned checks should be carefully kept, for they are your receipts for bills, memoranda for accounts, and are often interesting for the indorsements they bear. Every person through whose hands they have passed has indorsed them; every bank has put its indorsing stamp upon their patient backs; and it is most interesting to trace the journeys that some of these bits of paper have made. From one end to the other of a vast country they sometimes go, taking the place of money: valueless in themselves intrinsically, and accepted only be-

cause each one who received them believed in the square dealing, the honesty, and the integrity of the giver. For our whole system of checks, with all its convenience, rests upon the foundation of mutual confidence in business.

CHAPTER III

BORROWER AND LENDER

PERHAPS the greatest change that banks have effected in the business world is the more rapid circulation of capital. The proverb that "the nimble sixpence overtakes the slow shilling" expresses this view, that money increases its value by being kept in circulation. Men no longer count wealth by the number of gold pieces they have hoarded in a strong chest, but by the number of stocks and bonds which they own and on which interest accrues, or by the deeds and mortgages they possess, and the interest-bearing promissory notes they hold for payment. All of which implies a ready interchange of values between men. But there are also other forms of investment which demand more money than any one individual wants, or is able, to risk on a venture; and these are fostered by banks. The small sums deposited by many people in a bank make a goodly sum in the aggregate; so that a bank with twenty-five hundred customers may have deposits of two and a half million dollars. What should the bank do with this? hold it in its vaults until called for? In that event the customers would

have to pay the expense of running the bank, building the vaults, and caring for this great wealth. Experience has taught bank officials that only a small proportion of the sums deposited is ever called for at one time: in New York state the law requires the banks of the city of New York to keep on hand fifteen per cent of their deposits; and banks outside the city need keep only ten per cent on hand. This amount is kept in cash in the vaults, and the balance is loaned on notes or mortgages, or invested in safe bonds, or used in financing great undertakings which promise great returns.

It is from the profit made on such investments that the bank's expenses are paid. It may seem unfair that banks should make so much money by the use of funds for which they pay the depositor no interest, or at best a very small interest: but the convenience of having money safely kept until called for, and the great ease with which it can be drawn out by checks, thus providing him with an easy and safe transference of value to distant points, more than compensates the customer.

It is an advantage to a community to have even the small sums gathered and loaned carefully, for there are times when some men need money but do not have it, and others have it but do not need it; and between these two the bank acts as intermediary.

The usual form of borrowing money from a bank is by *promissory note.* Application is made to the bank by the party desiring it ; and the first question asked is, " What security can you give ? " That is to say, how can you make us sure that we shall receive our money again ? In some cases stocks and bonds which have a good market value, and can be readily sold for cash, are given to the bank to keep until the loan is paid. Such papers are then termed *collateral security ;* or more often, the man offers his note for sixty or ninety days, bearing the indorsement of one or two responsible parties known to the bank. This is *personal security.* Sometimes he gives the bank a mortgage on lands or houses which he owns, and this is *real estate security.* But in all of these cases, he gives the bank his note, which runs in this fashion : —

$150.00 MORRISTOWN, N. J., *January* 10, 1910.

Sixty days after date I promise to pay to the order of the First National Bank of Morristown, One Hundred and Fifty Dollars, at the First National Bank of Morristown, with interest. Value received.

Due JOHN JAMESON.

The address of the drawer and the date when the note is due are usually noted in pencil by the bank. The words " value received " should not be omitted ; otherwise the suspicion is apt to arise that the note

was obtained by fraud; and although the law assumes that the value was received, yet it may require proof of the fact. Notes bear interest only when it is so stated in them. This paper is called a *promissory note*, because it is "an unconditional order or promise to pay a certain sum of money at a determinable time."

The note falls due on the date mentioned in it, unless that day happens to be Sunday or some legal holiday, in which case it is due on the next business day. Legal holidays vary in different states, and it is well to be informed about them before deferring payment of a note on that account. If a note does not state a time for payment, it is held to be payable on demand. Until quite recently three days were allowed on every note beyond the time when it fell due, before it could be protested; these were termed "days of grace." As facilities for communication improved, the necessity, that arose in stage-coach days of uncertain mail-travel, disappeared; and they have been legally abolished in many states.

A few days before the note is due, John Jameson will probably receive a notice from the bank to that effect; and if he does not pay the note when the day arrives, the bank at once protests it by its cashier and notary; for a note that is not protested when it is due and unpaid, cannot be collected from the indorsers. A notice of the protest is sent to the

drawer of the note and to each of the indorsers, who are severally liable if the maker of the note fails to pay it. For this reason one should be exceedingly careful about indorsing notes; since it sometimes happens that the friend, or the apparently prosperous acquaintance, for whom one has good-naturedly indorsed a note, fails to pay it, and the loss falls upon the trusting indorser; and much bitterness arises in the soul of a man who sees his savings of years swept away to meet a demand like this. It is a safe rule never to indorse a note unless one is able to make a gift of the amount. The Wise Man of Proverbs says, "He that is surety for a stranger shall smart for it; but he that hateth suretyship is sure";[1] and gives further warning: "Be thou not of them that are sureties for debts. If thou hast not wherewith to pay, why should he take away thy bed from under thee?"[2]

Although the bank protects itself by a prompt protest, it will usually wait a short time for the makers or indorsers to pay the note before entering suit in the courts. A bank will usually extend a note, with the consent of the indorsers, if the interest is paid when due.

It is considered a disgrace for a man of business or of honor to have his note protested; but it sometimes happens through the carelessness of a clerk

[1] Proverbs xi, 15. [2] Proverbs xxii, 26, 27.

or even through his own forgetfulness. It damages a man's credit at the bank, and makes it difficult for him to borrow again.

When, however, a note is promptly paid, the cashier stamps it with the bank's name, and the word "Paid," and the date of payment, and then returns it to the maker. The note is then said to be *canceled.*

If a note comes into one's possession by indorsement from the former holder, it may be deposited for collection in one's own bank, no matter at what bank it was made payable. But a note thus left for collection should not be drawn against until the bank sends notice that it has been collected.

Notes given by intoxicated persons are illegal and therefore uncollectable at law if fraud can be proven: this is the law's protection for the unfortunate. Many cases of such fraudulent transactions have been brought to light recently in the dealings of dishonest white men with intoxicated Indians. Fortunately the government has been able to cancel these notes and contracts for sales, and so has prevented the ignorant and unfortunate Redskin from being cheated.

Much of modern business is transacted by notes: most goods bought at wholesale are paid for by the merchant's note for thirty, sixty, or ninety days; and the wholesale dealer is quite willing to take the

note of a reliable customer, which he then holds until due, or more frequently indorses and then presents to his bank to have it *discounted.* That is, the bank gives him the present value of the note: since the note calls for a certain amount of money at a future date, it is evidently not worth quite that amount at any time before that date, and the bank subtracts the interest on that sum for the time the note has yet to run, and gives the holder of the note the balance. The dealer has negotiated his note, that is, has done business with it by turning it into money, and hence promissory notes are termed *negotiable paper.* Suppose, for example, that a man holds a note for $500 due in sixty days, and finds that he needs the money ten days after he has received the note. The bank discounts it for $495.83, its present value, as it has fifty days yet to run before maturity, or the time when it is due.

Besides these "notes of hand," as the old-fashioned still term them, there are other forms of bank paper which are known as *sight drafts;* these read as follows: —

WASHINGTON, D. C., *May* 2, 1908.

At sight pay to the order of James Doe the sum of One Hundred Dollars and charge the same to my account.

TO ROGERS & DAY, New York City. JOSEPH ROE.

This order, sent to James Doe at New York, is by him presented to Rogers and Day, and by them honored, that is, paid. Thus Joseph Roe has transferred part of his credit with Rogers and Day to James Doe. Sometimes the draft reads "sixty days after sight," in which case Rogers and Day write the word "accepted" across the face of the draft, and when the date arrives pay it. If, however, Doe wishes his money before that time, he may indorse the draft and get it discounted at the bank; a sight draft may be deposited just as if it were a check.

If a note is lost or stolen, what can be done about it? Sometimes the note is accidentally burned up, and the man who gave the note takes advantage of the fact and refuses to pay it, on the ground that the holder has no proof of his indebtedness. If the owner can prove that he gave value for the note, and can prove the amount of that value, he can recover the amount of the note by a lawsuit. But if the note covered only a personal loan and there were no witnesses to the transaction, and the maker of the note swore that he had neither received value nor given a note, — in other words perjured himself, — the unfortunate loser would have no recourse, and be left poorer but wiser for his ill-placed loan and his carelessness.

Interest and usury are two terms often heard in business. Both terms indicate money paid for the

use of money: *interest* is the rate fixed by law, and *usury* is an amount extorted in excess of the legal rate. This legal rate varies in different states; in most of the Eastern and Northern states, where wealth is abundant, the rate is six per cent; but loans are frequently made at four and one half per cent, and large corporations, when borrowing millions, sometimes pay only two per cent. In the South and West, where there are numerous enterprises to be exploited, and limited capital, the interest is higher. In Denver, years ago, the rate for loans was eighteen and twenty per cent, so great was the demand for money and so limited the supply.

In 1610, when King James's scholars translated the Bible, usury was the general term for interest; but it has since acquired a sinister significance, and we have a just contempt for the usurer as one who extorts money from the necessities of others. Cases have been known where men charged as high as fifty per cent for money, and two per cent a month was a low rate. Of course the security given was not very valuable, and the need was great, and the money-lender took advantage of that state of things. The notes that record such transactions are not handled by banks, but by men known as "note-shavers." They ask large interest, which they deduct in advance, so that a man may realize only three hundred dollars from a note for five hundred,

as the forty per cent interest has been deducted. This form of borrowing is frequently resorted to by the heirs of entailed estates in England, whose extravagance in living exceeds the parental allowance. The dealer, who knows that the succession is sure, often advances large sums on *post obit* notes. It happens sometimes that he acquires such enormous claims against the estate that, when the heir comes to his own, the estate is bankrupted to pay the money-lender, or else the heir is forced to marry for wealth, without regard to family or personal feeling, that his wife's dowry may free him from the money-lender. The novelists frequently make the daughter of the ambitious creditor the victim of such a marriage.

It was because Shylock insisted upon the exact fulfillment of the terms of an extortionate loan made upon Antonio's bond, or note, that his name has become a byword for close dealing; and to call a man a "Shylock" is to condemn him as heartless and unscrupulous.

When Polonius is sending his son Laertes to Paris, his advice is: —

> Neither a borrower nor a lender be;
> For loan oft loses both itself and friend,
> And borrowing dulls the edge of husbandry.

The Wise Man of Proverbs declares that "The borrower is servant to the lender," and the man who

borrows, with no means in sight, finds this to be true. "It is the first step that costs," and when one's natural disinclination to be dependent has been overcome, every loan is asked with less compunction; until one has bartered friendship, self-esteem, respect, truth, and honorable integrity, and sacrificed ease of mind, and brain-power, and repose, to the mad scheming to find fresh pretexts and plans for borrowing without repaying, in order to keep up a style of life which ought to be abandoned; and has made life such a place of torment that the cell, which is reached by the crime with which such careers almost invariably terminate, is welcomed as a haven of rest, where the jaded mind can repose. It is a pitiable picture of wreck, a bankruptcy of the soul more lamentable than that of any financial institution could be; and though all do not reach the goal, to borrow beyond one's ability to pay is the first step on that fateful journey.

There is yet another question about banks in their capacity as borrowers and lenders, and that refers to the failures of banks. This means that on a certain day the bank fails to honor or cash all the checks presented. For some reason or other a few people become distrustful, and withdraw their money from the bank; the alarm spreads, and many depositors rush to the bank, and a panic ensues. If the bank is perfectly solvent, that is, has money or

stocks or bonds, — "assets," as they are called, — in excess of its liabilities, it may sometimes temporarily suspend payment in order to gain time to cash the securities and thus get the money for its depositors. If financial conditions are generally sound, and there is a "run" on only one bank, the others in the city will stand by and lend it some of their surplus cash to meet the demands. A few years ago a great panic was feared in Baltimore: the "run" started late in the day, so that the two banks concerned had cash enough for that day; and during the night New York and Philadelphia bankers rushed thousands of dollars in cash by express to Baltimore, in exchange for the securities held by those banks. As soon as people knew that they could get their money, they were content to let it stay in the bank.

But sometimes the panicky feeling is well grounded: for the investments in which the bank, as borrower from its depositors, has placed its surplus funds may have proved unprofitable; the business may have been unsuccessfully run, and so the bank, as lender to these concerns, has lost its stock and notes. In such an event, when a bank's assets do not equal its liabilities, that is, when what it owns will not pay what it owes, it goes down with a great financial crash, and the bigger the bank, the greater the wreck it makes of other and dependent institu-

tions : for every bank has its affiliations, and the failure of the larger makes almost necessary the failure of the smaller bank, whose funds were partially kept there. And beyond these the ruin extends to the thousands of small depositors whose savings are swept away in the wreck.

It is to obviate this state of affairs as far as possible, that the federal and state governments have provided bank examiners, who make frequent and unexpected visits to inspect the books and assets of the banks and report upon their soundness.

A panic is a very bad thing, and a bank failure a sadder thing; but it is a risk that must be run, so long as all bank directors are not gifted enough to foresee the issue of investments. And the failures are comparatively rare, while the usefulness of banks is a daily experience, that needs no other demonstration : and the integrity that usually marks their transactions makes banks the foundation on which modern business is built.

CHAPTER IV

EXCHANGE

THERE are still other functions of banks which affect the commerce of the world, as well as that of the community; functions which call into exercise such skill and sagacity that "the profession of the banker, who organizes and conducts the borrowings of whole communities, is among the most honorable known to modern society."[1] The greatest of these functions is the extension of the credit system to the commerce of the world, so that it shall supersede the use of actual gold and silver in all possible transactions.

It is always a puzzle to the ignorant how this can be done, for their own transactions are always conducted on a cash basis. Dr. Davidson, Archbishop of Canterbury, tells a good story that illustrates this point. "When I was a young man I once made an impassioned appeal on behalf of a foreign missionary to an audience composed of my rural parishioners. The following week I was surprised, on entering a provision shop in the village, to be greeted with marked coolness by the worthy dame who kept

[1] Walker, *Political Economy*, page 309.

it. On my asking the reason of this strange treatment, the good woman produced a half-crown from a drawer, and, throwing it down before my astonished eyes, snapped: 'I marked that half-crown and put it in the plate last Sunday, and here it is back again in my shop. I knowed well them niggers would never get the money!'" How could she understand that a slip of paper could represent this value of money, and that in that form it could be sent flying on the wings of the great credit system of commerce to the remote parts of the earth?

To explain how it is possible that a check on London can be cashed in New York, or one on San Francisco cashed in Chicago, is to discuss the fourth function of a bank, that is, its work as an exchanger or transferrer of value. This is accomplished in various ways, according as it concerns (1) exchange between banks in the same city, or (2) exchange between banks in the same country, or (3) foreign exchanges.

(1) If you live in a small town, some time during the day you may see a responsible-looking man, wearing a cap labeled "Bank Messenger," and carrying a satchel, going from one bank to another. In his satchel he carries all the checks upon other banks which have been received over the counter of the bank which he represents, during the last twenty-four hours. These he presents at the several

banks to which the checks belong, and collects the checks which these banks hold of his bank; and the difference between the amount of the checks held by the second bank and the amount of their checks presented by the messenger, is paid in money; and so the daily account is balanced. But this would be impossible in a large city; and so there sprang up great central institutions, called clearing houses, where every day at a certain hour a clerk from each bank carries the checks of all other city banks which his bank has received, and deposits them with the clearing house to its credit: and then all the checks drawn on his bank are debited or charged to it. The balance is paid, not in cash, but in a draft on his bank's clearing-house credit: for every bank sharing this convenience must own stock in the clearing house company. In this way checks amounting to a million dollars are settled without the use of a cent of coin, simply by the transference of credit.

(2) Outside of their own cities, banks in certain central localities do a sort of clearing-house business for other banks; thus a bank in San Francisco will cash for its eastern friends all checks on smaller California banks. Such a bank is called a "correspondent"; and every bank has one in every large section of territory. The indorsing stamps on a check returned from a distant point afford an easy means of tracing the journey it has taken; for every

bank through which it has passed has had a debit and credit record of it.

Another form of exchange of values is that known as New York exchange. This is effected by means of drafts, that is, checks from one bank upon another. In fact the legal definition of a check is "a bill of exchange drawn on a bank and payable on demand."

Every bank has a correspondent in New York, with whom it has a running account which is balanced every month. When a person in a town outside of New York wishes to make a purchase there, he goes to his bank and draws a check for the sum he wishes to send, after this fashion: "Pay to the order of New York exchange for John Jones Thirty Dollars. (Signed) JOHN JONES." This he presents to the cashier, who then gives him in return a draft on a New York bank for that amount, payable to his order. Jones then writes a full indorsement, making it payable to the party in New York to whom he wishes to have it paid, and sends it on. The advantage of having it made out to his own order is that the draft then contains a full history of the transaction, naming the sender and receiver, and might serve as evidence in case of a dispute.

A New York draft is cashed more easily than an ordinary check; moreover no discount is made on that, as is often done on out-of-town checks. In the

South and West New York exchange must be purchased at the rate of one fourth of one per cent, a draft for one hundred dollars ($100) costing twenty-five cents. But in most eastern cities customers of a bank can have New York exchange for the asking. Chicago banks frequently ask this rate for cashing checks of persons who are not depositors. The reason that these drafts are more easily cashed is because they are a bank's check on a bank, and so their validity can be easily ascertained; they also bring to the banks which cash them an amount of New York bank credit which they are glad to have.

(3) Foreign exchange, or transfers of value between banks situated in different countries, covers a field by itself; for this was the earliest form of exchange, its *raison d'être.* Let us illustrate the transaction.

A merchant in New York wishes to pay for goods which he has bought in London; but if he sends the gold to the London merchant he must pay the cost of transportation, and also insurance on it while in transit, and this greatly increases his debt; besides, he must accumulate the gold coin, and it takes time to accumulate a quantity. A few weeks afterward, the London merchant may wish to buy grain in America; he must send gold back to pay for it. So the actual money is kept traveling, and cannot fulfill its legitimate use as currency, and the country is

inconvenienced by the withdrawal of so much gold from circulation. Instead of this cumbersome method, with all its attendant disadvantages, the New York merchant may go to a firm dealing in foreign exchange, say Brown Brothers & Company, and buy a London draft on their correspondents, Brown, Shipley & Company, for which he pays at the average rate of $4.88 per pound sterling, or $488 for one hundred pounds.

This draft is issued in duplicate; the first one reading:—

No. 3164. NEW YORK, *January* 28, 1910.

Messrs. BROWN, SHIPLEY & Co., London:

Pay to the order of William Monk One Hundred Pounds Sterling. Duplicate unpaid.

Per. Pro. BROWN BROTHERS & Co.

£100. JOHN DOE.

The duplicate is identical in language except that it declares the "original unpaid," and the two are sent to the addressee by separate steamers, to avoid the possible loss of both by either steamer. The London merchant in his turn goes to Brown, Shipley and Company, and buys New York exchange.

And so the accounts are kept, and business done, by credit-slips of paper. At certain intervals one sees in the financial news an item announcing that so many "millions of gold left the port to-day."

That means that the London bankers, or other foreign exchangers, have paid out on account of New York drafts more gold than they have received, so New York must send gold to balance the account. Sometimes this is sent in gold coin of the highest grade and weight; sometimes in bullion or bars of melted gold. But in whatever form sent the final debt is paid in gold.

If New York must send gold to London, because her banks are indebted to those of London, we say that London exchange is high; and if London owes New York, then London exchange is low. When exchange is high a man might have to buy one hundred pounds at the rate of $4.95 per pound sterling; when low, he might get it for $4.86. That is the price a man must pay for a draft, if he wants to avoid sending the gold for himself, paying freight and insurance charges on it; for exchange never goes higher than the cost of sending the actual gold would be.

It is because all international debts of commerce must be paid in gold, that merchants are interested to have a country's finances conducted on a *gold standard*. This means that all forms of representative money, bank-notes or silver or subsidiary coin, can be exchanged for gold at the pleasure of the holder. If the gold can be had, most people prefer to have paper money for actual use. But if a coun-

try's currency is not redeemable in gold, it may pass current in that country, but will not outside of it; so that gold coin bears a premium and is sent out of the country to pay debts. Bankers who deal in foreign exchange are always accumulating gold coin, retaining in their vaults the new full-weight pieces for use in exchange, and passing out again all worn pieces which have lost some of their weight by handling; for the value of the gold coin in exchange is determined by its weight. By this means they have gold in readiness for shipment when needed.

The same rule is followed for French or German or Italian exchange. But English exchange is current and desired at all the banking centres of the world, since the great trading nation of the world has taught all other nations the value of her high-grade coin and the integrity of her merchant class. New York is making her reputation, but London has the start by many years.

Foreign letters of credit are issued in English pounds sterling, for the reason that they are recognized by bankers everywhere as desirable, since they all have a use for London credit. A letter of credit is the traveler's greatest friend when abroad. The letter is really an introduction to the foreign bankers; a specimen copy may be found in the Appendix to this book. On its last page is a list

of bankers in various countries where the credit will be honored. To buy such a letter is practically to buy a draft on London, which is to be paid in desired sums on demand: it is bought in New York at the ruling rate of exchange on that day, say at $4.88 per pound sterling, plus a commission of one per cent to the banker; that is, a letter for two hundred pounds on that day would cost $985.76, which is paid to the bank issuing the circular letter of credit.

Armed with this document the traveler may go to any bank named on the list, and ask for any portion of the sum, and receive it in the coin of the country. The banker asks him to sign an order on the London firm, and if that signature corresponds with the one on the letter of credit, the draft is cashed at the prevailing rate of exchange. Thrifty travelers read the financial news in foreign papers, and draw money on days when London exchange is high, so that they reap the benefit. To illustrate this: suppose one wanted money in Germany; roughly speaking, a pound sterling is estimated at twenty marks, but is really worth more; on some days the rate would be 20 marks, 64 pfennigs, and on others 20 marks, 32 pfennigs; on twenty pounds the difference would be more than six marks, enough for one day's board at a modest *pension*, or boarding-house.

It seems almost incredible that one can go into a small bank in a remote Swiss town, a total stranger, and get a draft cashed without the trouble of identification. Circular letters of credit for use in this country are also issued by the same firms that issue foreign letters, and at the same rates; the form is slightly different, but the ease with which one can get money is the same.

The leading express companies now issue travelers' checks and letters of credit. The checks are drawn for a definite amount when bought, and are accepted by leading hotels in Europe; their great convenience is that they can be cashed at a hotel, while one must go to a bank for money on the letter of credit. Such travelers' checks are now issued also by banks.

These foreign banks are often very unpretentious places; sometimes the business is conducted in a real parlor; and again one is ushered into a comfortably fitted room, and the paper sent down and the money sent up on a dumb waiter. But the great banking-house of the Rothschilds at Frankfort or the well-appointed Crédit Lyonnais at Paris honors these letters no sooner than the Arab banker in Syria, sitting cross-legged on his mat in the Bazaar. The mysterious touch of English commerce and commercial honor is felt everywhere.

But a letter of credit is more than a financial

convenience. Foreign bankers regard it as a letter of introduction, and, if one is a resident of their city for some weeks, will make it their duty to see that all possible attentions are paid the holder. Cards of admission to civil functions, to which the town's people generally are not invited, are courteously sent by the bankers; and even invitations to club balls may be obtained upon request. The bankers of Italy are especially courteous in this regard; and although one knows that the attentions of impecunious but entertaining officers are regulated by the information their banker friends give of the size of one's letter of credit, and that even the amount of obsequious service one meets with at the hotel is based upon information derived from the same source, the attention is none the less entertaining, and instead of growing cynical, one is merely on guard, and puts a proper value upon such demonstrations.

Besides fulfilling its proper function, and this subsidiary one of furnishing an open sesame to the banker's good offices, a letter of credit is often of service as a means of identification. At one time, when traveling in England, we sent most of our heavy luggage direct from Leamington to London by freight, receiving no bill of lading, as the agent insisted it was not necessary. On reaching London, two weeks later, we drove to the railway-freight

office, stopping *en route* at the bank. At the freight office we found to our dismay that a receipt was necessary to prove property, and should have been given to us at Leamington. We described the trunks and their markings minutely, but the official was not quite satisfied ; finally we bethought ourselves of the letter of credit on which we had just drawn money. This identification was accepted and our luggage released. I have used an expired letter of credit as a means of identification in an inland city, where I was a stranger, and where I wished to cash a New York draft. It was accepted as documentary evidence of identification for the reason that whenever a bank honors such a letter by paying out money to its holder, a record is made, on the inside page, of the date, the name of the bank paying it, and the amount in pounds sterling and in the currency of the country. And it is the fact that a well-known bank has accepted the holder, that makes other individuals willing to do so.

Sometimes the letter of credit is issued, and the money left on deposit at one's home bank ; then, if one's credit has not been exhausted upon the return home, the letter may be retained as an interesting souvenir of travels ; and one will receive as vouchers all the drafts signed at different points on her travels. But ordinarily one exhausts the letter just before sailing, and with the last draft the

letter itself must be surrendered; it seems like parting with an old friend.

These letters are good for a year, and one may be renewed, or a fresh one issued, by the deposit of an additional sum of money with the bank that issued it. Sometimes the letter is lost, and then the London house, the New York house, and the bank in the place where it was lost should be immediately informed of that fact by telegraph. Payment on that letter will be stopped, for each letter has its own number; and in a few weeks a new letter will be sent. But as one might be in an awkward position for want of money during those weeks, the better plan is to guard the letter of credit as one's choicest treasure, one's vade mecum.

CHAPTER V

OTHER FORMS OF BANKS

All people are not thrifty by nature, but nearly all recognize the fact that it is a good thing to have money saved for emergencies, when the usual sources of income fail and yet the demands of living continue; for one may have no money coming in, yet if one is to live one must have food, fuel, shelter, and clothing. But to save means to forego some pleasure in the present for the sake of a problematical future; and this requires self-denial and will-power, and many of those who most need to save are deficient in these qualities. So, partly from business motives, partly from philanthropy, various schemes have been devised to encourage thrift.

Easily ranking first among these institutions is the regular savings bank, whose chief business is to receive small deposits for safe keeping: upon such deposits it allows a small sum for interest, usually four per cent, and this is added to the original deposits every six months; should any part of the sum be withdrawn during the period, it loses the interest it would have yielded. When a panic strikes the East Side of New York, and the poor besiege the

savings banks to draw out their money, they lose all the interest for the current period, although it may be only a day before the interest is due.

Money in savings banks cannot be withdrawn by the check of the depositor, as in an ordinary bank. The pass-book must be presented, and usually certain questions answered which tend to establish the identity of the drawer; and he must sign a counter receipt or draft for the sum wanted: this draft bears the number of the pass-book. The object of this roundabout way of getting one's money is to make the depositors think twice before withdrawing their savings.

Sometimes these bank-books are lost or stolen. The bank should then be notified, and a notice like one of the following will appear in the paper: —

BANK-BOOK No. 405,561 of the Union Dime Savings Institution is missing. Any person having a claim to it is hereby called upon to present the same within ten days or submit to having said pass-book canceled and a new one issued.

LOST or STOLEN. — Bank-book No. 495,255 of the German Savings Bank in the City of New York, corner 4th Ave. and 14th St., issued to Karl Diose. All persons are cautioned against negotiating the same. If not returned to the bank on the 2d day of January, 1910, a duplicate will be issued.

A notice like the first of these is issued for the protection of the bank, and indicates that the book

has been reported missing by its owner ; but as dishonest depositors sometimes report books missing, when they have in reality assigned them to some one else as collateral security for a loan, the bank protects itself against the possibility of having two claimants for one account by calling upon the actual holder to present it.

The object of the second advertisement is to protect the bank and the depositor. From a bank cashier's statement I quote the procedure: "As soon as a book is reported lost a check is made against it in the bank, and the loser is requested to advertise the loss. For from a fortnight to thirty days ensuing, no money can be withdrawn on that account, unless the book shall be found. If not found the depositor must apply for a new book. Generally an affidavit must first be made that the loser cannot find the book and that it has not been transferred or assigned. All this is scarcely necessary, but it makes a bank absolutely safe in respect to that deposit, and it puts the depositor to enough trouble to make him or her careful thereafter. Everything having been performed as outlined, the depositor may get a new book, which means opening a new account, as accounts are never duplicated."

These books are sometimes used as collateral security by poor people, when borrowing money ; for they show that they have the money to repay the

loan, but do not want to lose a half-year's interest for a few days' loan. Sometimes a man who needs money will assign his bank-book to another party, who will give him cash in return; the new owner thus becomes the owner of the account, with all its benefits of interest. Sometimes this is a fair bargain, but oftener the needy depositor assigns his book for less than it is worth. The new holder must be identified at the bank, and the assignment noted there. Saving becomes a passion with some people, and they will live in almost dire distress, oftentimes on charity, to increase their bank account. Among the rags of many a dead beggar has been found a bank-book, with a goodly sum to his credit.

In order to gather in all possible funds, many savings banks are open until ten o'clock on Saturday nights, and some are regularly open until nine o'clock every night.

Many department stores have opened banks, where their customers may deposit money, and draw upon it to pay accounts at that store only; interest is allowed on the deposits. These banks are opened to induce expenditure, rather than to assist people in saving.

A bank is a common feature in newsboys' clubs, to help the members, the "newsies," to save money. There are sometimes amusing experiences in connection with these. Some years ago one was started

in such a club at Jersey City. The newsboy is a suspicious fellow, and the boys distrusted the bank. So ten of them combined funds and let one boy deposit fifty cents ; soon afterwards he drew it out. As soon as the boys found that money in the bank could be taken out again, confidence was established, and they all became depositors.

Banks are opened in schools, sometimes, as a part of the educational system, to train the depositors in the methods and forms of regular business. These banks are not incorporated, and their checks do not pass current outside.

Although not organized primarily for banking purposes, trust companies now conduct a large banking business as an outgrowth or development of their peculiar functions. These companies act as trustees of estates, as executors of wills, as guardians of minors, as managers of the separate property of married women, as responsible agents for the financial transactions of municipalities or great corporations, as assignees or trustees of bankrupt concerns ; they may guarantee the title to land, and manage property of every description that is intrusted to them. In some states the law requires that the trust funds which they handle must be kept separate, and that securities for their full value must be deposited with the officer of the court, who must retain them for the benefit of the parties con-

cerned, in case the trust company defaults in its trust. These companies fulfill most of the functions of a bank of deposit, with these exceptions: they may not issue their own bills to circulate as money, and they cannot discount commercial paper. Some states require that the loans must be secured by mortgages upon lands or other securities whose market value exceeds by ten per cent the amount of the loan. The variety of functions performed by these institutions attracts many depositors to their banking departments.

Many trust companies and banks provide safe-deposit facilities for their customers and the general public, and rent lock boxes in their vaults at a rate varying with the size of the box, and the time for which it is taken. In these boxes one may keep family silver, jewels, stocks, bonds, and valuable papers, quite securely, as every precaution is taken to prevent unauthorized persons from gaining access to the boxes.

In connection with some of the churches, there has been established what is known as The Penny Provident Society. Certain members of the good-works circle of the church take charge of a certain number of poor families, visiting them every week to collect their savings, from a penny upward. A receipt is given for every sum received; the collector has a duplicate receipt, and when the money is de-

posited in bank, a triplicate is given the bank, which acknowledges the money by a corresponding entry on the pass-book of each depositor. When money is withdrawn, these books must be presented : so the collectors usually retain the pass-books in order to prevent the whimsical withdrawal of funds. At first glance this seems a roundabout way ; but one must take into account the mental inertia of the poor, their lack of initiative, and the distrust of ignorance for new undertakings. Then it is easily seen that much help toward thriftiness is really given by the self-sacrificing collectors, for the pride of the family is aroused, and they struggle to increase their account.

The English government maintains a system of Postal Savings Banks ; the post-office is the bank, and the depositor buys stamps to the value of the cash he has to deposit, and pastes these in his book, so that his credit is at once apparent. Money may be drawn on these books at any post-office, and when so drawn, the stamps for that value are canceled. A bill to establish a postal savings bank in this country is now before Congress : it follows much the same lines as the English system.

These philanthropic schemes on the part of churches, clubs, and governments, to induce people to save, are broadly sociological, and vitally political. To have a bank account is the first step in

economic independence; and the first step upward, socially, for the individual. The laboring man who can say, "I've got money in the bank," has taken a long step forward. It is for this reason that some urge a property qualification for voters, because such a man has "a stake in the country," as our phrase runs, — a property interest in good government; and where he has a stake, he will stay until he "makes good." He becomes a better citizen when he feels that he is concerned in what happens to the country by reason of good or bad laws. And more than that, having acquired the habit of thrift, of getting full value for every penny, he is watchful that a like thriftiness shall be exhibited by the city, state, and national governments which he votes to maintain.

The son of a poor man who began by contributing his hardly saved penny to the Penny Provident Fund, and later had his account at the savings bank, may some day become the large capitalist, partly because, early in life, he had been taught the saving grace of self-denial. Andrew Carnegie states that he was really started on his way to his present unmanageable wealth by the discovery that the one hundred dollars which he had saved, had earned interest merely by lying in a savings bank. That money earned money, was a thing he had not fully realized until that time. Thereafter he endeavored

to keep as much as possible at work. This kind of work goes on continuously, Sundays and holidays, day and night, rain or shine, for the investor's benefit.

It is hard to save, to remember the future while enjoying the present; and this difficulty keeps many sluggish souls from competence. It is to such that the Wise Man speaks in chapter six of Proverbs:—

> Go to the ant, thou sluggard;
> Consider her ways, and be wise:
> Which having no chief,
> Overseer, or ruler,
> Provideth her meat in the summer,
> And gathereth her food in the harvest. . . .
> Yet a little sleep, a little slumber,
> A little folding of the hands to sleep:
> So shall thy poverty come as a robber,
> And thy want as an armed man.

CHAPTER VI

ABOUT MONEY

THERE are many people who seem to think that money itself is the only good, that plenty of gold means the gratification of every desire. But most people of intelligence value money only for what it brings, regarding it as a convenient medium of exchange for values. To them money means houses and lands, and food and clothing, and travel and books and amusements: only the miser hoards gold itself; the rest of the world would as soon have any of its representative forms. Money, however, means all of these comforts only when one is in a situation to exchange it for them; and one might starve in a desert, although staggering under the weight of the gold which he carried.

So, too, it happens sometimes that one may be possessed of much value, but, in a certain place or time, be without its representative in ready money, and find food, shelter, or clothing denied to him. Sometimes this is the result of a railroad accident, in which his baggage has been burned, his pocket-book lost, and he is stranded in a strange place at the mercy of the hotel-keeper. How can one get

money in such an emergency, provided one has it anywhere?

There are many ways to answer this question. The most rapid means is to telegraph home to have money sent by telegraph; and if one is unknown, the words "identification waived" should be inserted in the order. The friend at home goes to the telegraph office there and writes an order on the Western Union Telegraph Company to pay to you, at your temporary address, any sum he wishes to send. He then pays over this amount to the company, and also the charge of two per cent for the service, and the cost of the telegram. The company then telegraphs its order to the station named, and you receive a summons to call for the money. The addition of the words, "identification waived," makes it possible for you to get it although unknown; but there is this risk, that any one else, receiving the notice from the company by mistake, could get the money on it; however, as this is a chance in a thousand, one takes it in an emergency. Money can be sent by ocean cable in the same way; but this is a much more costly proceeding.

But suppose a person who has no bank account of her own, but is in a place where she is known, so that identification would be easy, needs money, — how would she get it? In this case she may go to the bank, accompanied by an identifier, and draw

a sight draft on her father or mother at home, in the form already given in chapter three; this draft the bank will honor at once, and cash. One should always have authority to draw sight-drafts for emergencies whenever one is away from home. To get permission it is necessary sometimes to telegraph, "Can I draw on you at sight for a hundred?" and when the permission arrives it is acted upon in the manner described. This is cheaper than telegraphing the money.

A very ingenious way of getting money in an emergency occurred a short time ago. A young man who was returning from Europe, toward the close of the voyage found himself almost penniless, probably because his bets on the rate of speed, or his card games in the smoking-room, had been unfortunate. In this strait he suddenly remembered that his mother had started from New York at such a date that the steamers would soon be in communication by wireless telegraphy. The opportunity came shortly, and he promptly telegraphed his mother for three hundred dollars. She deposited the amount with the purser on her steamer, and he requested the purser on the other steamer to pay that sum to the young prodigal. The message that brought such quick relief cost only six cents a word. This tale would have seemed miraculous a hundred years ago, when the telegraph was not invented,

and the credit system of commerce was not so perfected.

There are many ways of sending money. Express companies do a large business in that line, and here the actual money is sent, not drafts or checks; the rate varies with the distance and amount. Sometimes one runs short of money in the mountains, where there are no banks, and to pay two hundred dollars would bankrupt the local post-office. In that case one may send a check for the money wanted to the cashier of one's home bank, with instructions to send the bank-bills by registered mail, at one's own risk; and as every registered letter is receipted for by every person who handles it, the risk is comparatively small.

In sending small sums use postal money-orders; these can be procured at any post-office and cost three cents for a sum under two dollars and a half, and upward to the charge for the maximum amount, thirty cents for one hundred dollars. These orders may also be purchased for foreign countries at moderate rates, and most of the money that goes abroad, from the laboring classes in this country to their kindred in other lands, goes in this form. At the post-office one signs an application giving all needed information as to sender, amount, and name and address of the receiver. The postmaster then issues the order, and hands it with a stamped re-

ceipt to the applicant: the order is inclosed in a letter to the party needing it, but the receipt should be filled in with the name and amount, so that it completely registers the transaction, and kept until the receipt of the order is acknowleged. In case the order is lost, if this receipt can be produced, and the party to whom you sent it will sign a paper declaring that she never received it or cashed it, the department will issue a new order.

Like a check, a post-office order may be deposited in bank, or transferred to another party by indorsement; but only one indorsement is allowed. Unlike a check, however, it need not be cashed immediately, but is good for its face value, at the office on which it was issued, if presented for payment within one year. After that time, and within seven years, the government will redeem it by issuing a treasury warrant for the amount; but there is much official red-tape about this procedure.

These domestic orders may be bought, payable to one's own order, at one's home office, and held for seven years: this makes a savings bank of the Post Office Department, and is intended for those who distrust banks, and have no safe place for their money. This is a recent ruling of the department.

In this country, when one receives an order she must present it at the post-office, and receipt the

order before it will be paid, unless she has transferred it by indorsement. But in Germany and Austria a special carrier, known as the "Geldbriefträger," or money letter-carrier, comes to the house, and pays the money to the person to whom it was sent. Of course he expects a fee for the service, but this is usually ungrudgingly bestowed, as the convenience is very great. As the Postal Union includes all civilized countries, these orders are really the poor man's bank drafts.

Sometimes people take the risk of sending greenbacks in letters. This is not a wise plan, for a keen nose will smell a bank-bill through an envelope, and this tempts postal clerks to dishonesty. If one persists in sending money in this way, old bills should always be used, as the odor is fainter, and there is no suspicious crackle to betray them, as in the case of new bills. The English bank-note is safer to send than ours, for it is merely engraved on bond paper. English people frequently send remittances to friends on the Continent by cutting a bank-note in half, and sending one half in one letter and the other half in a later letter. Upon the receipt of the second half, the two are pasted together, and easily cashed at any bank; cutting the bill has not reduced its value. So too, in this country, bills that are accidentally torn may be pasted together and pass as good money.

Sometimes a bill becomes torn, and part is lost, or accidentally destroyed; is the rest of any value? If three fourths of the bill is left, and the holder will take oath before a notary public that the balance has been destroyed, full value will be given for the fragment at any bank. After a great fire, safes in which much paper money was stored are sent to the Treasury at Washington; or an expert comes to the vaults, and they are opened in his presence. Bills may be so charred that they would crumble at a careless touch, yet by delicate handling a pile can be separated, and the numerals read, and then these bills will be redeemed by the government. Sometimes a rat makes her nest in a wad of bills, hidden under a floor; and even these wrecks may be deciphered and redeemed; for having given a note, banks and the government are honest enough to wish to redeem it, if the value can be proven.

Money is often carried in curious ways: sometimes in Wall Street one may see messengers rushing around with satchels, which they carefully guard because they are filled with money. Or in front of a great bank may be seen a large wagon being loaded with heavy, iron-bound boxes; and four or five men are mounted on the wagon, when it drives down to the dock to load its contents upon the steamer; this is gold for Europe. Much the

same precautions are followed when money is sent from the Treasury to the banks.

But of all foolish ways of carrying money, the woman's shopping-bag is the worst: it is so easily snatched from her wrist or belt, that it excites the cupidity of the struggling or the dishonest. To tuck the purse into the baby's carriage, or give it to him to play with, are such transparently foolish actions that it seems strange that any intelligent person would be guilty of them; but these very things are done. Most wise people, when traveling, do not keep all their money in one pocket, so that in case one pocket is picked, the inner one may supply their immediate needs. Money should not be displayed or carelessly left under pillows or in drawers: it is a temptation to those who need money and want to be honest, but find it hard to resist a great temptation. We are "our brother's keeper" to this extent.

What becomes of old bills? We know that they wear out, for sometimes a bill is received in change that is so old and dirty that it can hardly be read, and one feels unclean after touching it. It is unclean, and a bacteriologist has recently counted over twenty-six thousand germs on one soiled bank-bill; and these germs will live a month in such a place. This is literally "filthy lucre." Banks can get clean bills by sending old ones to the Treasury,

and paying the cost of transportation on those sent and those returned; all first-class city banks incur this expense, and the smaller ones would do it if their customers demanded it. These old bills are put into a machine known as a macerator, at the Treasury at Washington, and there they are ground into a liquid pulp by the action of sharp knives and water; this pulp is run off and sold, chiefly to paper-manufacturers; some of it goes to dealers who mould it into shapes of the Monument, or Lincoln's head, or fancy shapes, and label the pieces, "This piece contains the remains of $5000 worth of bills"; and these are bought by tourists. As the bills are mingled in the macerator, these value-labels are evidently guesswork.

There is another kind of money which the Treasury officials desire, and that is counterfeits; that is, clever imitations of bills of various denominations. A Treasury note costs so little to make, that there is a great inducement to those possessed of some ability as engravers, and smitten with the "get-rich-quick" fever, to try to copy them. The government takes every possible precaution to guard against this. The bills are printed on paper shot with silk threads, specially made for the government, every sheet of which is counted by everybody who touches it, from the time it is made until it reaches the banks as money: this is to guard against

its loss by theft. Very elaborate and intricate scroll-work, or ornamental borders, are put upon them, and the plates are made by the most skillful engravers, with the result that our "bank-bills are works of art." Sometimes the counterfeits are really very good, sometimes they are merely photographed on poor paper, and then soiled so that they will not be quickly noticed. The Secret-Service men of the Treasury Department are constantly on the lookout for these, and the Treasury sends out a special warning to the public whenever a new counterfeit is discovered. It is rather hard for most people to detect them, therefore one should notice the announcements of counterfeits in the papers. One should also avoid taking much worn and mutilated coins, for even if genuine they do not represent their full value.

The phrase "legal tender," referring to money, means that certain forms of money may by law be offered in the payment of debt. The gold coins of the United States and silver dollars are legal tender "for all debts, except where otherwise expressly stipulated in the contract." A debt of more than ten dollars cannot legally be paid in half-dollars, quarters, dimes, nickels, or cents; and one cannot pay a debt of more than twenty-five cents in nickels or cents.

There are other forms of legal tender authorized

by the government besides gold and silver; these are Treasury notes and gold and silver certificates, issued by the United States Treasury; and bank-notes, constituting a part of the national currency, issued by the various banks, under the authority and supervision of the United States Comptroller of the Currency.

Treasury notes bear the following inscription on the face: "The United States of America will pay to the Bearer One Dollar in coin." The back reads: "This note is legal tender at its face-value in payment of all debts public and private, except when otherwise expressly stipulated in the contract. Legal Tender Act, July 14, 1890."

The face of the silver certificate reads: "This certifies that there has been deposited in the Treasury of the United States One Silver Dollar, payable to the bearer on demand." The back reads: "This certificate is receivable for customs, taxes, and all public dues, and when so received may be reissued." The gold certificate bears similar inscriptions, but calls for gold instead of silver dollars. Recent legislation has made the silver certificate, or any United States note, redeemable in gold at the holder's option. This power of exchanging all forms of money for gold, at their face value, gives us a gold standard for national finances.

National bank currency bears these inscriptions,

for example: the face reads: "Secured by United States bonds or other securities — National Currency," and is signed by the Register of the Treasury and the Treasurer of the United States. Then follows the statement that "The First National Bank of the City of New York will pay the bearer on demand Five Dollars. New York, February 26, 1906." This is signed by the president and cashier of the bank. The back reads: "This note is receivable at par in all parts of the United States in payment of all taxes and excises and all other dues to the United States, except duties on imports, and also for all salaries and other debts and demands owing by the United States to individuals, corporations and associations within the United States except interest on public debt."

These notes are more convenient to handle than coin, and, in the case of bank-notes, they actually serve to keep a greater value in circulation than would be possible otherwise. The notes issued by a bank are really promissory notes which the government allows the bank to issue, on condition that its issue does not exceed one hundred per cent of the par value of the bonds held for the bank in the Treasury. These bank-notes circulate in the community as money; and so the fifty thousand dollars' worth of bonds that a bank has on deposit guarantee its issue of fifty thousand dollars' worth

of notes, and the bank retains the use of all its dollars.

We will not enter here into a discussion of paper money; but a bank's paper circulates only when a bank's credit is good, and the holders believe it possible to get coin at any time in exchange for the bank-notes. There is an amusing story told of a Scotchwoman who went into a bank to get a five-pound note changed for gold; the teller declined to do this, but finally yielded to the woman's persuasion and gave her five one-pound notes of their own issue. The canny Scotchwoman waited awhile, and then came again to the counter and asked, "You 'll surely give me gold for your own bank-notes, will ye not?" Wrathfully the teller did as she asked, for to have refused would have discredited their notes, as the idea would have gone abroad that their notes were not good for gold.

If a bank fails, the securities deposited at the Treasury are held by the Comptroller until all that bank's issue of notes is protected by its assets; if these funds are not sufficient then the bonds are sold to redeem the notes. Formerly no such precautions were taken, and the failure of a bank made all its notes worthless; furthermore, they did not circulate outside the bank's territory, as they were unsecured and were only the bank's promissory notes; but now that the government regulates and

supervises their issue, they circulate all over the country. Besides saving the wear and tear of actual coin, this paper money is a great convenience for every-day use.

In closing this chapter on money it may be well to reiterate that the office of money is to serve as a medium of exchange between buyer and seller; and that paper money only represents value. Some gold coins are really worth their weight in gold; but most of them have a baser metal mixed with them in order to give them the hardness necessary for a coin which is to pass through many hands. Silver coins are even less valuable, so that one may fairly say that money only represents value, and derives its ability to serve in exchange for values from the fact that the stamp of the government is on it; money is really the promissory note of the institution issuing it, whether bank or Treasury, and circulates only when the credit of the giver of the notes is good. A striking illustration of this fundamental truth was given by the paper currency of the Confederate States. Men who had thousands of it in their strong-boxes awoke on the morning after Sherman had entered their city, to find the notes not worth the paper on which they were printed. This paper money issued by the Confederate States is a pathetic souvenir of blasted hopes. The inscription runs: "Two Years after the ratification of a treaty of peace between

the Confederate States and the United States, the Confederate States of America will pay to Bearer Five Dollars." The note from which this inscription was copied was dated February 17, 1864. So rapidly did this currency depreciate, in the closing years of the Civil War, that at the last it took a basketful of the money for a lesser quantity of marketing.

That paper money has no value in itself, was proven many times during the War of the Revolution, and afterwards. The currency depreciated so much, that Congress was compelled to pass laws commanding the people to receive its paper for money; the credit of the Congress was gone, and the cause seemed hopeless. Possibly our phrase, "Not worth a continental," dates from this time.

Behind United States notes stand the wealth and the credit of the whole government. This is the reason why the crime of counterfeiting is so severely punished; it impairs the credit of the state, and causes distrust of the government's financial promises. A counterfeit is really a forgery against the government, a stab at the sovereignty of the state.

CHAPTER VII

CONTRACTS

Most people who are not in business associate the idea of contracts with the building of houses, or great city undertakings such as laying concrete pavements, or installing waterworks, or building subways or river tunnels ; and therefore very naturally wonder why they need to know about them. Especially is this true of girls, who seem to act upon the supposition that for every business emergency a man will be found to help them. But this isn't true for every one, nor for all times : and if one thinks a minute about current phrases, she will remember that she may want to "contract a bill," or perhaps at some time to enter into a marriage contract. In fact, contracts are of the most every-day occurrence, and we are constantly making them without realizing that we are so doing. It may not be too much to say that two people cannot be concerned in a business transaction without calling a contract into existence.

A knowledge of the principles involved in a contract, and of the rights of each party to it, is there-

fore necessary for every one, in order to guard against the pitfalls for the unwary that may lurk in a seemingly harmless agreement.

In law a contract is defined as "an agreement enforcible by law." The important part about a contract is that two or more minds shall mutually assent to a given proposition; and the law will only enforce contracts which have been made by those (1) who have a legal capacity to contract, (2) where a legal consideration has been given for the promise contained in the agreement, and (3) where the subject matter of the agreement is lawful. Let us examine some very common contracts.

A housekeeper wishes to engage a man or a maid for the house; one applies whose appearance and qualifications please, and she says, "I will give you so much a month to do this work." The applicant replies, "Very well, ma'am, I'll come"; and accordingly does come and work upon that understanding. If at the end of the month the housekeeper should decline to pay the wages agreed upon, because the servant had proven incompetent, the servant could sue for the wages promised, and recover them. But if the housekeeper had made the amount of wages conditional upon the efficiency of the servant, and the servant had agreed to have the employer decide that question later, she could not have sued for more than the employer thought it

proper to give. In both cases there was mutual assent to a definite proposition.

Take another case. A man hails a street-car and enters it, expecting to be carried to the destination named on the sign-boards of the car, upon payment of the fare. Not a word need be said, but his entering the car makes a lawful contract between the company and himself. If he takes advantage of the crowd, and fails to hand his fare to the conductor, he is breaking the implied contract, and is guilty of dishonesty before the law.

These are unwritten contracts, and the law will enforce them on the ground that, since both parties have acted upon the agreement, the understanding must have been mutual, and therefore the obligation is binding. A great many of these unwritten contracts are broken by people whose sense of justice is low, or is killed by their selfishness; and the cases never come to court, because the other party either does not know his rights, or refrains for business reasons, chiefly the fear of offending a large circle of people who are friends of the breaker of contracts, or because of the expense of a lawsuit.

One makes a contract with a railroad company by buying a ticket and checking baggage thereon. On long-distance tickets one finds a great deal of printed matter, nearly every clause of which has

the history of a lawsuit behind it. Take for instance the clause limiting the amount of baggage carried to one hundred and fifty pounds, and the damages that may be claimed for it, if lost, to one hundred dollars. That saves the roads annually an immense sum, for by using that ticket the passenger has agreed not to ask greater damages, no matter how great the value of his baggage really is. Nearly all time-tables contain the statement: "The company does not guarantee the time of arrival of trains." This has been done because men of large affairs sued a road for a large amount, on account of the business loss incurred by a two hours' delay on the road, and recovered damages. This would be impossible under the clause now used.

Every telegram is sent under a contract with the company, the conditions of which are printed on the back of the blank form, and which should be carefully read. Every express receipt is such a contract, and every bill of lading for freight. A lease of a house and a deed of sale are both contracts. If the catalogue of an institution states that the tuition is so much for the year, and no pupils are accepted for a shorter time, the parents are legally bound to pay for the whole time, if the child has been withdrawn after only a month's schooling. If one engages rooms at a hotel for a definite time, and the circular of that hotel states that rooms engaged must be

paid for, he must pay for them even though he never occupied them.

To sum up the matter, then, we may say that a contract is an offer made by one party to do something which he has a legal right to do, and an acceptance of that offer by the other party; and this offer and acceptance may be made either by words or by acts.

As, however, it is very important that an offer should be stated in definite terms and to a definite person, it is well to have the contract in writing; there is thus less liability to mistake its terms, and less excuse for failure to comply with its conditions. A man who offers a reward for the finding of lost property is bound to pay that reward, because it is a definite agreement with a person, at first unknown, but known as soon as he presents himself with the lost article. A shop-girl in New York, a few winters ago, found a pretty necklace, and put it on. Her companions in the shop admired it very much, and some of them insisted that it was valuable. So she went to a jeweler with it, and he recognized it as one that was advertised, and for which a reward of five hundred dollars was offered. The girl took it to the address given, but the owner gave her only fifty dollars. Upon the advice of a lawyer, her father sued for the whole reward, and obtained it.

One may briefly summarize the law of contracts thus: A definite offer must be made to a definite person, and by him accepted without new conditions; the acceptance must be identical with the offer. An offer to do or sell does not become a contract by which one is bound until it is accepted; and after a reasonable time has passed, the offer is not binding if the offerer chooses to withdraw it; but he should give notice of the withdrawal. If the offer is not a verbal one, made in person, it is safe to follow the advice of Sir Frederick Pollock, the English lawyer, "that every prudent man who makes an offer of any importance by letter should expressly make it conditional on his actual receipt of an acceptance within some definite time." A party who fails to perform a simple contract at the agreed time must be sued within six years from that time, or the cause of the action will be outlawed.

In order that the contract may be enforcible by law, it must show a "detriment to the promisee," — that is what the legal consideration is termed which makes the contract binding. A New York court recently declined to enforce a contract for forty-two thousand dollars, because no consideration had been given; the contract involved the sale of a business. To "suffer a detriment," then, means that one party must have given something valuable

to the other, — either money, real property, or simply the temporary surrender of ownership or other legal rights which he held in the thing given. If I lend my watch to a person at his request, upon his promise to return it at a given time in good condition, I have "suffered a detriment," or given a legal consideration, which makes his verbal promise a binding contract: and if he loses or injures the watch, I could sue him for the loss or damage incurred. It is important to notice that the detriment must be suffered at the request of the promiser, in order to make a legal claim. If a man, A, sees his neighbor B's valuable horse running away, and leaves his work to catch it and return it to B, he cannot exact damages from B for the time and labor lost, because he did it without B's request, so there was no contract. Public opinion, however, would call B a sordid soul, or a mean man, if he failed to recompense A, and his property would probably be left to care for itself at the next emergency. The Mosaic Code expressly commanded such acts of neighborliness, without hope of a reward,[1] but our law does not require them.

Not every one is legally qualified to make a contract: generally persons in business possess that capacity, but there are exceptions. Citizens of a country with which we are at war, and who live in

[1] Exodus xxiii, 4.

that country, cannot make legal contracts during the continuance of that war; if they live in our country they can do so. Thus a citizen of Spain, at Barcelona, in the time of the Spanish-American War, could not have carried on his American business. If he transferred his residence to New York, he could have made valid contracts.

Convicted criminals serving sentences in prison, and outlaws who cannot be reached by extradition treaties and brought back to prison, are alike incapable of making valid contracts, — that is, such contracts as the law will enforce.

The common law formerly held all married women incapable of contracting; for at marriage the twain became a legal one, and the husband was the *one*. He could collect and use all debts owing to her, and became absolute owner of all her personal property; but he was bound to support her in suitable style, and pay all her bills, even those contracted before her marriage. It was for this reason that Patti never sang in France until after her second marriage: because French law gave the marquis the right to her immense earnings. This old law has now been changed in England, and in most of our American states, although it was still in force in the District of Columbia as late as 1894.

Another large class who are incapacitated from making contracts are infants, legal infants, which

usually means persons under twenty-one years of age; this is the common age for either a man or a woman to attain legal majority. Exceptions are made by many states in the case of women, because they mature earlier than men. In Arkansas, California, Idaho, Illinois, Iowa, Kansas, Maryland, Minnesota, Missouri, Nebraska, Nevada, North Dakota, Ohio, Oregon, South Dakota, Vermont, and Washington, a woman becomes of age at eighteen. In Maryland and Oregon, however, she must be married at eighteen to attain this right; while in Nebraska she reaches it at sixteen, if married; and in Washington her marriage to a man of full age renders her of age also. In Iowa, Louisiana, and Texas, an infant of either sex becomes of age upon marriage.

But it happens that such infants frequently make contracts: can they be enforced? The consensus of opinion seems to be that when the infant comes of age he may repudiate them, or ratify them, as he chooses; that is, he may pay or not pay, as he chooses, and the other party has no redress. In the phraseology of the law, they are "voidable." This applies to all contracts except that of marriage, and since that is more than a business transaction and concerns the welfare of society, it cannot be annulled without due process of law. Further, although an infant cannot be held for a contract, yet if he has bought necessaries of life and promised to

pay for them, the tradesman can by a suit recover the real value of the articles furnished, although not the fancy price he may have charged the innocent infant. An eminent English judge defined the term thus: "Necessaries include such things as are fit to maintain the particular person in the state, degree, and station in life in which he is." Food and clothing, medicine and medical attendance, and educational advantages are all included in the definition. Minors sometimes take advantage of this incapacity, and there have been cases known where the infant had sold land and spent the money, and then when he came of age repudiated the sale; and the buyer could not recover his money. It seems, therefore, to be rather unsafe to make a contract with an infant.

Drunkards and lunatics are also held generally to be incapacitated from making a contract; and, if made, it is voidable by the drunkard or lunatic, unless the contract has been acted upon, and it is impossible to restore things to the condition they were in before.

Although a contract may express mutual assent to a definite proposition, and may be made for a valuable consideration, and by parties who are capable of contracting, yet if the subject-matter is illegal, the law will not enforce it: for why should part of the machinery of the law be set in motion

to punish a man for not doing what it would punish him for, if he had done it? "If one bind one's self to kill a man, burn a house, or the like, it is void," has been legal opinion from the earliest times of law. The courts have annulled contracts which were made for the purpose of cheating, defrauding, or swindling other parties, or for grossly immoral purposes; or for the cornering of markets or the sale of "futures." An agreement to work as a lobbyist or to pay for such work is also void; or to agree to abstain from reporting a crime, or assisting in its prosecution: because these things tend to corrupt the public service, and inflict damage upon the commonwealth.

A bargain like that which Judas Iscariot made with the Jewish officials to betray his Master for thirty pieces of silver, could not be enforced in a court of law to-day. If a man saw a murder committed, and the murderer offered him a large sum of money to keep his secret, he might accept the money, and then fail to keep his agreement, and the contract could not be enforced because its subject-matter was illegal.

Contracts which act in restraint of trade are held to be void, because they tend to monopoly, and by stifling competition do harm to the innocent public.

There are still other answers to the question,

"When is a contract not a contract?" For although the parties to a contract may have the legal capacity to make it, although the subject-matter may be lawful, and a due consideration may have been received; yet a contract is not therefore absolutely unbreakable, if it can be shown that by reason of *mistake, misrepresentation, fraud, duress, or undue influence* the two parties did not really agree in making the contract, although they appeared to do so.

If you order goods from your grocer, and are accustomed to have a certain brand, and he sends instead a different one, you are not bound to keep or to pay for the goods. Or, if you send an order for goods to a store where you have always traded, and in the mean time the store has changed hands and the new owner fills your order, without advising you that he has succeeded to the business, you cannot be required to keep the goods, because you were mistaken as to the identity of the shopkeeper, and did not intend to deal with the new one. Sometimes a man signs what he thinks is an order or an agreement to pay so much for implements, or sewing-machines, or a piano; and the document is so manipulated that it appears that he has really signed a note for the full amount; the agent then gets the note discounted at a bank and disappears, without delivering any goods. In such a case the

man need not pay the note, if he can prove that the paper has been changed since he signed it, and that he did not intend to make a note. The bank would lose the money it had advanced on the note.

Misrepresentations on the part of one person will not affect the contract, unless some mention of them is incorporated in the contract. A dealer trying to sell a fur-coat will of course praise it; if the buyer is wary enough to buy it on condition that it has no defect, he can recover its price if he finds an imperfection. If he took his chances with the dealer, he must abide by the result.

Fraud is defined as "a willful or reckless misstatement of fact by one party for the purpose of actually inducing the other party to assent to the terms of the contract." Sometimes people are careless about the arguments they bring forward as inducements, and often they deliberately lie for the sake of making a bargain. Sometimes the lie is acted, and the man who uses paint or putty to conceal defects in his wares is guilty of fraud. The law does not hold a man guilty of fraud in his contracts, if he knows something that would make the other party arrange different terms if the second party had his knowledge. This is the case with the man who discovers oil in his neighbor's field, and then proceeds to buy it for a song from his unsuspecting neighbor. It is n't the Golden Rule in

business, but human justice falls below the line of Christian brotherliness. And yet even the law will hold a man culpable if he suppresses the truth when his neighbor asks for it. A man who has been defrauded in a contract must make his complaint promptly, or he cannot recover damages. Nor, if an innocent third party has come between, can he recover: he will have to fulfill his contract.

Duress means a forced acceptance of a contract. If one were to take the hand and guide it in making a signature, or hold a pistol at a man's head and force him to sign, the contract thus obtained could not be enforced against his will. If one signs a contract under threat of personal violence, or of damage to one's property, or under threat of imprisonment, or threats against the wife or husband, the parent or child, he can refuse to comply with it when he is released from duress, and the law will uphold him. And if a man adopted or took advantage of a contract which he knew had been obtained in this way, he would be held responsible for the violence. Because Harold of England took, under duress, the oath not to contend for the crown of England if released, he did not feel bound by it. Had it been only a legal contract which he made with William of Normandy, this would have been good ground for breaking it. But as it was sworn over the bones of saints, craftily concealed under

the altar, the Church denounced the act as sacrilege and lent William her moral support.

Undue Influence is the taking advantage of a confidential position, or a close relationship, or weakness of intellect on the other's part, to procure assent to a proposition: it is a sort of moral hypnotism exercised by a strong-willed person over one who is younger, or fond, or simple-minded; and only when freed from that influence, and in a position to know his own mind, can the victim of such a bargain affirm or rescind it. A century ago many marriage contracts were obtained in this way.

When a contract is once made, outsiders should be careful about interfering with its execution. For the party who breaks a contract is liable for damages, and some courts hold that a man who interferes so successfully that he spoils the execution of the agreement is also liable for these damages.

If neither party has done anything about fulfilling the terms of the contract, they may cancel it by mutual consent. When a man wishes to fulfill his contract, and a money-value is involved, it is better to make the payment in cash; for a payment by check or note is not absolute until the cash has been received for it. If a man fails to perform his part of a contract, the law may force him to do so, unless the damages can be computed in money;

but the breach of contract, or failure to do as agreed, must be in a very important particular before the courts will insist upon its performance.

The subject may be briefly summed up thus: Contracts are exact agreements between two or more parties, who are legally capable, who are using no misrepresentation or fraud or force to induce a signature, where free consent is obtained without violence; and when contracts are so formed, the law will force the parties to stay of the same mind and execute their mutual agreement.

CHAPTER VIII

BILLS AND RECEIPTS

As soon as money was invented, and man had an exchangeable medium for values, some shiftless but quick-witted soul invented the system of buying things "on credit"; that is, acquiring goods upon a future promise to pay. Perhaps he was a farmer who wanted many things while his crop was growing, and so agreed to pay when the harvest came; or a would-be fisherman, who bought a boat, hoping to pay for it with the proceeds of his catch. Even now each cotton-planter of the Southern States agrees to send all his cotton to a man known as a cotton factor, and he furnishes all that the plantation needs, — food, medicine, clothing, books, or anything else, — and waits for the settlement of the account until the crop is harvested. This was the system in vogue between the tobacco-planters of Virginia and the merchants of London, in Washington's day; the merchant was their banker.

But why were these far-off London merchants willing to send goods without receiving cash for them? Why will a dealer allow any one to contract a bill, or "give credit," as the phrase goes to-day?

Do they take no guarantees for their own protection? and what are these guarantees? Let us answer these questions in order.

The dealer gives credit, because he believes — whence the term credit, from *credo* — that the purchaser is able to pay, and intends to pay, when the bill is presented; and a dealer usually satisfies himself that the party asking credit has property which might be levied on for debt, in case the bill was not paid. So that the credit is merely a convenience; one may shop all day and not pay out a single cent, if one's credit is good; and it is a fact well known to the wily shopkeeper that a woman buys much more on credit than she would if she paid cash at the time. Consequently the credit-system is one to be avoided by the wise and thrifty.

The consequences of credit are sometimes disastrous. In the case of a planter who has ordered largely from his factor, and finds his crop short, it means sad things. Often the whole crop is insufficient to pay his indebtedness, and he must start the next year in debt; and this not because he has miscalculated, but on account of accident. The severe equinoctial storms at the South come just at harvest-time, and the high tides flood the low-lying rice lands; and a man may watch a thirty-thousand-dollar crop of rice go sailing off on the salty waters in a single night. Or the boll-weevil may attack his

cotton in the last month, just before harvest. Credit of this sort is always unsafe; but all forms are dangerous, even though imprisonment for debt is no longer allowable. The tragic story of Little Dorrit was partially responsible for the abolition of that law in England, where the Marshalsea prison was a place of terror. It was to provide escape from that form of oppression that Oglethorpe, the philanthropist, founded the Georgia colony in 1733.

Army and navy officers are sometimes court-martialed for debt, because their salaries cannot be attached; and a student at one of our large universities was not allowed to receive his diploma, because he had neglected to pay his board-bill, and the sheriff attached his belongings just before Commencement. The dealer sues for debt, under the law governing contracts; for when a bill is contracted, the buyer tacitly agrees to pay for the goods; and if he fails to do so, he breaks his contract.

In order to assist merchants nowadays in giving or refusing credit, there are numerous mercantile agencies, whose business is to pry into every man's affairs, as far as possible, and determine his financial standing. These agencies have branches all over the United States, and some of them are international; so that it is possible to get a man's "business rating," as it is termed, at any time, if one is a subscriber to the agency.

Merchants are not the only ones to whom bills are due: doctors, lawyers, tailors, dressmakers, servants, and others who render services of one sort or another, are all included in this class; and sometimes these bills are the hardest to collect, for the service is often intellectual, or otherwise not tangible. But the obligation to keep the contract implied is just as strong as in the former case.

There is an amusing story told of a countryman who refused to pay the doctor for pulling his tooth, saying that the doctor had not earned his fee because the tooth came out easily. A short time afterwards he sliced off the tip of his nose with a scythe, and went to the doctor for repairs. The doctor refused to help him until paid for the tooth-extracting, and also in advance for his surgery. The helpless man did so, exclaiming, "This is paying through the nose!" There are a good many people, otherwise quite intelligent, who like the countryman object to paying the doctor's fee. One of these was complaining to an old darky that the surgeon had charged him twenty-five dollars for cutting off his leg. "Dat's all right," said the darky, "he charge you five dollars for cuttin' it off, and the twenty dollars for the know how." The value of the "know how" is what many forget when they come to pay the bill.

The man to whom a bill is owing is termed a

creditor, because he has believed; the one who owes it, is termed a *debtor*, because he ought to pay. We have already spoken of the recourse to law that is the creditor's last resort; why is it not always used?

Sometimes because the sum in question is too small to warrant the expense. Knowing this, there are many followers of Dick Swiveller of "Old Curiosity Shop" fame, who sent his boy to a different restaurant each day for his dinner, and checked off the street as "closed" where he owed a small bill at every eating-house on it.

Sometimes the deterring cause is the fear of losing patronage. This is especially true of tailors and dressmakers and milliners with a large and fashionable clientèle. For many men and women will order clothes that they cannot or will not pay for; sometimes through sheer carelessness, sometimes because their purses are not equal to the demands of their social position, and they lack the courage and honesty to acknowledge it, and accept the altered situation. In either event the result is the same, and many a tailor and dressmaker has gone into bankruptcy, and in one recent case the woman committed suicide, with large assets in uncollectable bills against fashionable people. They did not dare bring suit to recover these, for fear of offending the other paying patrons who were friends of the delinquents.

The man who does not pay his servants is rated perhaps the lowest of all in common estimation. The fault of debt-dodging is not a new one, for, in the decadent days of Judah, Jeremiah exclaimed, "Woe to him that useth his neighbor's service without wages, and giveth him not for his work."

Bills are collected at law by proving the debt; then when judgment is given a man's property may be levied on; that is, the sheriff may seize and expose it for sale; and this may be done not only with real estate, but with furniture, jewelry, or even clothing. This is called "serving an attachment." Another plan is to *garnishee*, or trustee, a man's salary; that is to say, the creditor is given the right to seize, by an officer, the man's wages before they are paid to him, and get his debt paid first from that sum. This cannot be done to any salaries paid by the government.

Bills are often paid by giving the creditor a note, due in so many months. If the dealer gives a receipt in full for this note, he cannot afterwards collect the bill, in case the note is not paid when due. To provide against this contingency he should write on the bill, "Received payment by note for so many months." This was the cheerful Mr. Micawber's way: when he was confronted with a debt he simply wrote out his note, and exclaimed with relief, "Thank God, that obligation is settled!"

Such a method of settlement, however, finally stranded him in the Marshalsea.

In most states a debt is outlawed, that is, cannot be collected at law, after six years. But any payment on it will extend the time six years from the date of payment. No honest man would take advantage of this law.

There is one other form of indebtedness of which mention should be made; these are "debts of honor," so called because they are obligations that cannot be collected at law, because no value was given in exchange, and which therefore depend for their validity upon a man's word. These are usually gambling debts, and their usual form of acknowledgment is to give the winner a card with "I. O. U." written on it, and a statement of the amount, signed and dated. These debts are usually promptly paid, because a man is socially disgraced who does not honor his obligations of this sort.

There are other debts which are not collected at law, but which should be considered none the less binding. In this class are the shares of expense incurred in joint pleasure undertakings, such as drives, suppers, group-pictures, and the like; subscriptions promised and forgotten. The manner of meeting such obligations when reminded of them is a severe test of politeness. Too often the collector, who is unpaid, is treated with as much disfavor as if she

were a highway robber. Obligations of this sort should not be incurred unless one is able to meet them promptly.

Now that we have discussed the ethics of the subject, let us come to the commercial forms of bills. A bill is properly made out thus: —

JOHN DOE		
	to RICHARD ROE	*Dr.*
April 10,	To merchandise	$100.00

The letters *Dr.* stand for debtor; and I have seen a check, sent in payment of a bill, made payable to the order of "Richard Roe Dr." That clerk was evidently unfamiliar with bookkeepers' abbreviations.

Should a partial payment be made on the bill, the creditor writes at the bottom the words —

By Cash	$10.00
Balance due	$90.00

After a partial payment has been made on a bill, it cannot be contested; it is assumed that it was found correct or no payment would have been made on it; therefore, bills should be carefully examined before paying any of the amount called for. If there is any error, it should be courteously pointed out to the creditor; if it is an overcharge, assume that it was done through carelessness, and

not with any intention to cheat you. There is no class more tiresome than the people who always imagine that some one is trying to cheat them. If the dealer has omitted to charge for goods which you have received, or has made an undercharge, you cannot remain honest unless you call attention to this fact also. Now, it sometimes happens that a dealer will decline to admit a mistake, even in his favor, preferring a reputation for correctness to the money he would receive by acknowledging his mistake. This system prevails at the large Paris shops, and is a thoroughly exasperating one to the honest and exact customer. Usually a dealer is grateful for such a token of honest good-will toward him. The principle governing one's conduct in this business, however, is not affected by the dealer's attitude.

"Balance Due" means that so much remains to be paid. When a bill has been sent once, or rendered, and is not paid, the second one sent is usually not itemized, but reads simply, "To bill rendered, $100.00"; and this statement we therefore interpret thus: a bill with a list of the things charged has been sent once, and is still unpaid; this later one is what is called "a summary bill."

When the bill is paid in full, the creditor writes below the total of the indebtedness the words, "Received Payment," and signs his name. This is a

receipt. Sometimes a receipt is given separately, and then it should read after this style: "Received of James Roe the sum of Twenty-five Dollars, in full of all demands to date"; and is signed and dated. This is the most satisfactory form, because a receipt so written recites all the facts in the case, and is written evidence that the indebtedness is canceled.

Receipts should be carefully kept, for careless bookkeepers sometimes send a bill after it has been paid; and the receipt ends any claim upon you. For this reason it is advisable to pay bills by check, as the check with the dealer's indorsement is a proof of the receipt of the money by him. It is a deplorable fact that many educated people do not know the correct form for a receipt. A public-school teacher once wrote a receipt for her salary in this way: "I got the money," and signed that statement. This was as great a display of ignorance of business etiquette, as if she had accepted an invitation to a formal dinner by writing to her hostess, "I 'm coming." A milliner in a small town receipted a bill thus: "Mrs. Smith has paid her bill," and only added the amount and date at the request of the payer. Uneducated people are painfully suspicious and afraid of receipts, especially about giving them. They seem to think that the signing of the name to a document gives the holder

power over them. But for all that, receipts should always be required when money is paid out; some careful housekeepers take receipts for servants' wages.

There are few occupations more disagreeable than that of a bill-collector. Perhaps the common hangman is most nearly his equal; and in old times the hangman had to sit alone at church, so completely was he beyond the pale of society. Students and others often decline to pay bills because they do not like the tradesman's manner, as if that lessened the moral and financial obligation; and it is this attitude which is largely responsible for the bill-collector's disagreeable position.

Sometimes a whole circle of events is started by the payment of a single bill. In a little Austrian town it was the custom for the men to meet on the bridge on January 1, and settle all the accounts for the year on the spot. But one year the crops had been bad, much sickness had visited the town, and few travelers; so there was a lack of money. A owed B, and could not pay him; so B could not pay C whom he owed; and C in turn could not meet his obligation to D, and so on. Finally one man arrived who could pay his indebtedness in money. Then B paid C, and all the others in turn squared their accounts. In the complications of business to-day we cannot see so directly the beneficent

result of our debt-paying, but it follows just as surely.

We may briefly sum up this subject thus:—

1. Never contract a bill unless you are able to pay it when presented.

2. Recognize by prompt payment all just demands.

3. Ascertain the correctness of a bill as soon as presented, and never make a payment on a bill until this has been done.

4. Never allow a bill to become outlawed; or if this happens unavoidably, never take advantage of the legal term to escape a just obligation.

5. Always take a receipt, and see that it is correct in form and statement.

6. Pay bills, whether the tradesman is unpleasant or not. Do not trade with him thereafter if his manner is objectionable.

7. And finally, the safe rule is the apostolic advice: "Owe no man anything, but to love one another."

CHAPTER IX

EMPLOYER AND EMPLOYEE

At some time or other almost everybody is either an employer or an employee. And as the domestic servant is the most frequent employee, let us consider that relation first. It is not our purpose to attempt to solve this most vexing question, but only to point out the reciprocal rights and duties of each party.

In the first place, when a servant is hired the employer and employee enter into a contract, although not a written one; usually its conditions are distinctly stated: so much wages per week or month or year; so many evenings and such an afternoon out; and clear mention of the duties which the servant on her part is expected to perform. It is well to have such things definitely stated; for while local customs would interpret the contract in case of a dispute, it is well to avoid trouble by a distinct previous arrangement.

In such a contract there are certain things that the law insists upon, although neither mistress nor maid may mention them. On the servant's part, the law demands that he or she shall exercise ordinary

care, skill, diligence, and faithfulness in the performance of assigned duties; shall be respectful in demeanor, and obedient to all reasonable demands, and shall not be insolent in speech or conduct; and that she shall not stay out all night without express permission to do so from the employer. On the part of the mistress, the law requires that the wages earned must be promptly paid when due; and reasonable care of, and consideration for, the servant is the employer's bounden duty. All this is implied in the contract.

This contract may be terminated, like others, by mutual agreement; or by either party, at her option, giving due notice of such desire. If wages are paid by the week, then a week's notice must be given; if by the month, then a month's notice is required. If this is not done, the servant may legally claim wages until the expiration of the wage-period.

But there are certain causes for which a servant may be dismissed instantly, and can claim wages only to the time of dismissal. These causes really constitute a breach of contract. A servant may be summarily dismissed for insolence, or for disobedience to orders, or for gross immorality, or for staying out all night, or for such lack of ordinary care and skill that she damages the property of her employer; for such damage she is also liable pecuniarily: for instance, if she piles heavy dishes on top

of fragile ones, and thereby breaks them, after being warned not to do so, she may be required to pay their cost, or may be discharged. She is not obliged to pay for accidental damage, however, unless it has been specifically agreed between them that she shall do so.

Cruel treatment or neglect of the servant, in not providing her with the necessary comforts of life, is sufficient cause for a servant to leave without notice: and in case of cruel treatment she can also sue for damages.

Although the wife may hire the servant, the husband is recognized as the employer, unless it happens that the wife has an independent fortune, and makes the wages a *written* claim upon her estate. The husband, therefore, is the one to be sued for a discharge. In case of the death of the head of the house, the contract is terminated, and the servant cannot be compelled to stay; but any other death in the family is not sufficient cause for the breaking of a contract, and the law would force the servant to stay until due notice had been given. Colored servants, and also Italians, are quite apt to leave a place as soon as a death occurs in the family: their superstition can be checked by the enforcement of the employer's legal rights, provided death has not terminated the contract on his part.

A curious case came under my own observation

recently. A chef had been engaged for a week on trial; at the end of that time, he was offered his wages and told to go, as his work was not satisfactory. This he declined to do, saying, in his broken English, that he was doing his best, and therefore no one could send him away; and, disobeying orders, he continued to use his employer's materials in preparing a meal. A policeman was sent for, and the man taken to the station-house. There he saw the error of his ways, and meekly took his wages and departed. If there had been no other ground of arrest or dismissal, his disobedience of orders would have been sufficient.

There are some other points that are of interest here. If an employer keeps in his service a servant known to be of a quarrelsome or dangerous disposition, he is liable for any injury that such servant may inflict on any other servant in the course of his work.

If an employer has given a servant, such as a cook, authority to order supplies, he must pay the bills, no matter how extravagant, or how much he suspects has gone to the cook's own family. If he withdraws this authority, the dealers and tradesmen must all be informed of this fact.

The law does not recognize any such thing as extra work in domestic service, so no extra pay can be claimed for any unusual service. This is so be-

cause the field of domestic service is still undefined. There are still a few states where the husband of a married servant can collect the wages due to her. But most states now recognize the legal entity of the married business woman; so that the hard-working woman is no longer compelled to see her worthless husband collect and use her wages.

When a servant leaves a place she wants a recommendation from the mistress. One is not bound to give this; and, moreover, if called upon by a prospective employer for a recommendation, may fearlessly and frankly speak her just opinion of the servant's ability, honesty, and trustworthiness; and though her report may cost the servant the prospective place, she cannot sue for slander.[1]

The following authentic story will illustrate another point. A certain lady, who had been entertained at Mrs. B's, was delighted with the light flaky biscuits served at luncheon. Next day, choosing a time when Mrs. B was out, she called, interviewed the servant at the front door, and by an offer of higher wages induced the girl to leave Mrs. B and come to her. Apart from all question as to the courtesy and decency of such an act, the woman laid herself liable to a suit for damages, which Mrs. B might have brought, but did not for social reasons.

Wages unpaid at the death of an employer in

[1] Mary A. Greene, *Woman's Manual of Law*, p. 110.

many states constitute a prior claim upon the estate, ranking with those of doctors and undertakers as preferred claims.

This, briefly stated, is the law of domestic employer and employee. But the scarcity of servants places all the advantages in the hands of the servant, who may by contract specifically exempt herself from all penalties consequent upon misdemeanors, and may demand for herself more time than the mistress has. Here the great law of supply and demand makes legal restrictions useless; for there are many mistresses and few maids, consequently few mistresses will dismiss a maid summarily for any of these legal causes: it is usually the maid who dismisses the mistress!

In Germany the hand of the law is everywhere evident in the concerns of life; much more so than it is here, where many people are unaware that there is any such law as we have quoted applying to domestic service. All these causes for dismissal are law there; and, moreover, a servant cannot be dismissed except for legal cause, no matter how angry the mistress may be over some trivial and perhaps accidental offense.

There, when a maid enters service for the first time, she must register at the Police Bureau, giving her name, her home, her parents' names, and her age. A book is then given her by the police

official, in which the name of her employer is written, with the date of entering service. When she leaves a place, she must report at the bureau, and the mistress must furnish the police with the reason for leaving. This is all registered ; and if one desires to obtain a recommendation for a servant she is about to engage, she may obtain from the records a complete history of the domestic service of the maid. In Württemberg, the government further requires that the employer shall pay monthly a small tax, about forty cents, called *Krankgeld*, or money for sickness. This entitles the servant to free treatment at the dispensary or hospital when necessary ; but to obtain it, she must present the book in which the policeman, who collects the tax, has recorded its payment to date.

In Germany custom, stronger than any sumptuary law could be, prescribes a modest costume for maids : no hats, plain skirts, and clothes of quiet colors. Contrast these meek maids with our hyphenated American variety, clad in all the gorgeous colors of the rainbow !

But there are other employees outside the domestic service ; and for these the same obligations rest. A just wage, promptly paid, and a reasonable care for the safety and comfort of the employed, are the master's duties : while faithful and efficient service, obedience, and respect are the duties of the one

employed. In places where the work is dangerous, employers are required to protect their employees from danger by safety devices; and if, through the failure to provide these, the man is injured, he can recover damages from his employer. In some occupations the risk is partly compensated by the high wages paid; and in powder-mills the men are pensioned if injured by the occasional explosions. Many states have very careful laws concerning an employer's liability for his employees, and especially regulating the conditions of factory labor; and any one who employs a large number of laborers should consult the state law on that subject.

All through these legal safeguards runs the idea that the master and the man, the mistress and the maid are equal in the eyes of the law and alike entitled to justice; that a contract is binding on both parties; and that a person in selling his services does not sell his human rights, or forfeit such as are necessary to the preservation of the order of society.

In Germany, and generally in European countries, the doctrine holds that the servant contracts for her time as well as her services; and that if the work ordinarily required is not sufficient to occupy the time, more must be found: she must knit or crochet for the family, if there is not cooking and cleaning enough. But in this country the doctrine is begin-

ning to be widely preached that only the services are hired, not the time, and that when these are performed the contract is fulfilled. This view puts a premium on efficiency, but also opens the way to many perplexing disputes.

But beyond any legal regulations there comes the law of kindness, that most effectually regulates this peculiar and intimate relation. And the law is alike imperative for mistress and maid, for master and man. For the best trained of domestic machines is still a human being, subject to like passions with ourselves ; and the most envied of employers is still subject to troubles. If each party would remember the human equality and the demands of brotherliness, there would be more happy employers and fewer arrogant employees.

CHAPTER X

OUR BUSINESS RELATIONS WITH RAILROADS AND HOTELS

In a previous chapter we have referred to the contract which each passenger enters into with a railroad when he buys a ticket; but beyond the stipulation that the company which issues the ticket will, for a given consideration, convey the passenger to a certain destination, there are several things not mentioned. Suits at law, in various states and for various reasons, have defined quite clearly the respective rights and duties of carrier and passenger. A railroad company, a trolley company, or a company operating any other means of conveyance open to the public and run over public highways, is termed "a common carrier"; as such he "undertakes to protect his passengers against the misconduct of his servants while engaged in executing the contract of carriage, and to make every reasonable effort to protect his passengers from violence or insult by strangers or fellow passengers."

This is a clear statement of the case; and one can easily see that a company is responsible for the acts of its servants; and that a passenger is

well within his rights in resenting insolence or neglect on the part of railroad officials. It is to protect the passenger from insult that drunken men are ejected from trains, and that lunatics are forcibly restrained. Let us go back a little and see what constitutes a passenger, and who may become such.

The law states that any one who has bought a railroad ticket, or hailed a trolley car, is from that moment a passenger, entitled to all the protection due to one; and the company is liable for any damage he may sustain on station platforms or in waiting-rooms. In most states the law requires that a railroad must receive as passengers all "fit" persons who may apply for tickets; and defines as "unfit," and therefore liable to be refused passage, notorious criminals, the drunken and disorderly, and those offensively sick with contagious diseases.

Some people have so little knowledge of the nature of diseases, or else so little regard for others' safety so long as their selfish convenience is secured, that they will take their children on trains and trolley cars when suffering from smallpox or scarlet fever or diphtheria. Sometimes the conductor discovers the fact, oftener he does not, and so the disease is disseminated. But if such cases are discovered this law empowers the railroads to refuse passage, or to eject such persons from trains.

Some of the Southern States, where the negro population is large, have what is known as a "Jim Crow" law, which forbids whites and negroes to ride in the same car, or compartment, as the case may be. Theoretically this law is decried by many who are unfamiliar with local conditions; but a little actual experience in a thickly settled Southern community where this law is not on the statute-books, will soon cause a change of opinion. Railroads sometimes stretch the word "unfit" to make it cover persons who were not clearly in view when the law was made, but who are not desirable to have as passengers.

A passenger, then, when insulted or annoyed by a fellow passenger, should summon the conductor and state the case to him, for he is bound to protect her from annoyance. If the offender is a railroad official, he should be reported as circumstantially as possible, in writing, to the company; one should be careful always to state train and time as nearly as possible, so that the offender may be identified. This is one's duty to the traveling public.

If one is injured while traveling on a railroad, or at the station or waiting-room of the company, and the injury can be shown to be due to the company's negligence, one may sue for damages; or if death ensues, one's heirs and executors may sue for the loss of life. But if a heavy parcel or bag should

happen to fall from a rack overhead, and dislocate a person's shoulder by the force of the blow, he could not sue the railroad company for the damage; for the courts hold that, since racks are provided, it is the duty of the individual passenger to take note of their contents, and not to seat himself near to dangerous packages. So, too, if one stands in the aisle of the car before the train stops, and is injured by the sudden jolt as the train stops, the company cannot be held liable, since it expects passengers to retain their seats until the destination is reached. The same is true as to all accidents incurred by persons who stand on the platforms of moving trains; they are out of place, so the company is not liable for their misfortunes. A common carrier is bound to use the best known precautions to insure the safety of his passengers, and he is responsible for any accident due to defective equipment of trains; and damages for such may be recovered by bringing suit. How numerous these claims are is not generally known, for a large number of personal-damage suits are settled out of court by compromise.

A train that is advertised as an especially fast train, and for which an extra fare is therefore charged, must make its schedule time within reasonable limits, or else refund the extra charge. For most trains railroads now, by a special clause, dis-

claim any contract in the schedule, stating that the schedule is approximate only, and is issued for the convenience of passengers, but its statements are not guaranteed: this releases them from all liability in the matter.

If forced to stand in a railroad car a passenger may sue for breach of contract, and is not obliged to pay fare unless seated; and if a seat cannot be found in the ordinary coach, for which his ticket calls, he may go into the parlor car or sleeper for a seat, without paying extra fare. It is, however, to be observed in this connection, that a conductor would hardly allow this without making a vigorous protest; and as most people dislike a scene in public, it is only the pugnacious few who insist upon their rights. This is railroad law in general, although there may be some states where it does not apply.

But it is not only we who travel, but also our trunks; and sometimes trunks are burned or dumped into rivers, or otherwise lost by accidents. Is the company responsible for the damage? Most tickets now limit the liability by contract to one hundred dollars' worth of baggage, not exceeding one hundred and fifty pounds in weight; and the company is liable only for *checked* baggage: if the traveler's suit-case was carried by him into the car, and later destroyed by accident, he could not recover damages. The justice of this is plain; for the

company would have no evidence that such suit-case ever existed, except for the passenger's statement; and this would open a wide door for fraud against the railroad.

The company is further held liable only for *personal* baggage; and numerous lawsuits have resulted in this being defined as consisting of "articles necessary or which minister to one's comfort, convenience, or recreation while away from home." Bonds carried in a trunk are not classed as "personal," and therefore their value cannot be reclaimed if lost.

The company is not held liable for damage to baggage caused by the "act of God," that is, by lightning, hailstorms, or such things, humanly unavoidable; nor for loss or damage suffered at the hands of "the public enemy" — that is the traveler's risk, knowingly assumed by him when he travels in time of war; nor yet is it liable if the damage is clearly the fault of the passenger, resulting from his negligence or the fragile nature of his baggage. On some roads the condition of the baggage is noted by punch on the baggage-check when it is given; this protects the road against unjust claims.

When property is stolen from a passenger in a sleeping-car, the company makes every reasonable effort to recover the same; and failing in that, generally reimburses the passenger, after a careful examination of the evidence of its loss and value.

After this brief survey of the relations of passenger and common carrier, let us turn our attention to the proper business way of traveling, since we have seen what a closely guarded business affair a journey really is. To have one's ticket easily accessible, so that it may be promptly shown when called for, seems almost an unnecessary piece of advice. But it is not, nor are women the only offenders in this regard. If one's ticket entitles her to a seat, it is also true that one ticket calls for only *one seat*, and to monopolize two in a crowded car classes one with the grasping, the selfish, and the unbusinesslike.

Before starting on a journey one's baggage should be put into good order, so that it may safely stand the strain of travel and the assault of the baggage-smashing expressman, and hold its contents so securely that no thief may tamper with them. One should always make a memorandum of the number of the baggage-check, so that in case of loss of the check it would be possible to reclaim baggage by identifying it. A receipt should always be taken from any expressman to whom the check is given in order that he may deliver the baggage, and the receipt should state the number of the check; otherwise one has nothing to show for the baggage, nor any hold upon the expressman.

This is not a treatise upon etiquette, but it is not

out of place to mention that a quiet, self-controlled manner while traveling adds greatly to one's comfort, and facilitates business. One should always see that the check given for baggage corresponds with the desired destination named on the ticket, for mistakes sometimes happen. In short, be so careful to avoid mistakes, that only unavoidable accidents will mar the serenity of your journeys.

Hotels. Somewhere in the course of a journey one is apt to stay at a hotel; and while one never feels the need or value of laws regarding the rights and duties of landlord and guest, respectively, so long as things run smoothly, nevertheless these exist, and a knowledge of them beforehand will be of some assistance. Most laws on this subject have grown out of actual cases which demonstrated their necessity. In law a hotel is an *inn*, and an innkeeper is one who undertakes to provide for the traveling public. As such he is bound to receive any guest who can pay for his entertainment, and who is a *fit* person, provided his house is not full. So runs the law; now how does it work practically?

In order to ascertain his financial ability, a guest without baggage is usually required to pay in advance. If he fails to pay his bill, but has baggage, the landlord may seize his trunks and hold them until the bill is paid; the landlord's bill constitutes a lien on the goods of the guest.

Hotels have several modes of refusing undesirable guests : one way is to claim that the house is full,— a polite lie which saves the applicant's feelings ; another way is to take refuge behind the statute defining fitness. This is a broad term, and the unfit include the drunken, the disorderly and openly vicious, those possessed of dogs which they insist on taking into the rooms, and people suffering with infectious diseases, or who come from infected districts ; in some cases very vulgar table manners have been held to disqualify a man as a guest at a hotel. Under one or the other heads of this statute, a good many people can be held to be unfit. Hotels make a third distinction sometimes in regard to race, and exclude negroes and Chinese ; but generally these are told that the house is full, for the statutes in most Northern States do not recognize race as constituting unfitness to be a hotel guest.

Rooms engaged in advance may be charged for, although never occupied, since a contract was thus entered into, and the landlord could sue for breach of contract.

If a person falls ill at a hotel, the landlord is not bound to keep him, but if he is turned out, the law does insist that it be done in a humane manner. To put an ill man out of the house and leave him exposed on the pavement would render the innkeeper

liable for any injuries resulting from the exposure. Foreign hotels are especially heartless in this regard, and the sick man is charged for the refurnishing and decorating of the room, and summarily bundled out of the house and sent to the hospital.

An innkeeper is bound by his occupation to keep the property of his guests safely, and may be sued for its value if it is stolen, or destroyed by a mob or an incendiary fire. In some states the landlord is exempted from this responsibility if he provides a safe for the valuables of the guests, and notifies them that such is the case. Hence in many hotels a notice is posted conspicuously in every guest-room reading after this manner: "Guests are warned not to keep valuables in their rooms, as there is a safe provided for them in the office."

A landlord is exempted from responsibility for losses incurred by lightning, earthquakes, tornadoes, unprecedented floods, and sudden death due to natural causes, since these are humanly unavoidable, and are termed "acts of God." Under this provision San Francisco landlords were not sued for earthquake damages; Havana landlords were not called upon to make good the damage wrought by the tornado; nor those of Galveston for damages by the flood; nor those of Naples and Torre del Greco for the havoc wrought by Vesuvius. Should the loss be caused by "the public enemy," that is,

by pirates or the forces of a nation which was at war with the country, the guest could not recover for the loss, nor could he if the loss were proven to be due to his own negligence.

The law makes a distinction between guests and boarders, for the landlord's benefit; and the responsibilities mentioned above hold for guests, but not for boarders. The two classes are thus defined. "If a person's stay is indefinite, and may be terminated at any time; if he comes to the inn as a temporary sojourner or traveler or wayfarer, and there receives lodging and entertainment, he is a *guest*. If, on the other hand, he takes up his residence at the inn for a fixed period and at agreed rates, he is a boarder." [1] He is not liable for the property of his boarders unless he has been negligent. The law takes no cognizance of courtesy, attention, service, or the character of the lodgings furnished, or the food served; as these things make the hotel's reputation. A notable exception to this statement, however, is furnished by a law recently passed by the Legislature of Arkansas which requires all sheets to be six feet long, and forbids the use of nicked dishes at the table. Such, at least, is the newspaper report.

To sum up the matter briefly, then, we must remember that the landlord has large liberty in the

[1] Francis M. Burdick's *Essentials of Business Law.*

choice of guests, but must treat them humanely in illness, and must protect their property. The guest must so comport himself as to be classed "fit," and if he wishes the full protection of the law, should make his stay a temporary one: he should also remember to pay for rooms from the time that they are engaged until he vacates them.

With these mutual obligations well in mind, no traveler need be imposed upon; for he will take care to keep within the letter and the spirit of the law.

CHAPTER XI

SIMPLE BOOKKEEPING

To hear some people talk of bookkeeping one might imagine it to be a black art, whose mysteries were intelligible only to the deeply initiated; whereas it is a most simple and logical system of tracing the source and amount of the money which one has received, and the destination and quantity of that expended, in order that one may know the proportion between income and outgo. For this reason a knowledge of the simple forms of bookkeeping is an indispensable part of the complete education of women as well as men. Many fathers would gladly have their daughters as well as their sons learn this art, but they lack the time or patience to teach them; and the result of such neglect is often pitiable. The daughter from a sheltered home where papa looks after the accounts, and money is plentiful, marries a man with less than her father's wealth, and cannot control her expenditures because she does not keep accounts; and domestic unhappiness often results. Or she may be left a widow and forced to do business without knowing how, — a most expensive way to learn. English

women of position are taught to keep accounts as a necessity of the situation ; and some day, when we are wiser in the ways of the world, we shall come to require it of our daughters.

In the first place, when we begin to keep accounts we find how dependent we are upon others, for we make the astonishing discovery that every item of expense has two sides, we stand always in the joint position of debtor and creditor ; that is to say, we owe half the world, and the other half owes us ; for the money we receive, some one else pays out, and the money we pay, some one else receives. So we have two sides to our account, a debit and a credit side ; the debit is the left side, and in bank-books the letters Dr. stand at the top of the page on that side, and the letters Cr. on the right-hand side, although in ordinary accounts these are understood.

Double-entry bookkeeping is so called because each item is entered under its debit and credit side : in the simple form of single-entry bookkeeping we enter items only under the heading which indicates our relation to them.

The phrase runs that we are debtor to our cash account for all money we receive, — technically speaking we are *debited*, — and that we stand accredited with all that we have paid out or expended ; the credit is ours because we have accounted for all

the money that we have received. Another form of the rule is to "debit what costs value, and credit what produces value." Let us make a specimen account for a girl on an allowance of fifty dollars a month.

JANUARY, 1908

1	To allowance	50	00	3	Veil	1	50
	Gift from Uncle	5	00		Gloves	2	50
17	Jane returned	5	00	4	Candy		50
				5	Matinee	2	00
				8	Birthday present	3	00
				10	Slippers	7	00
				11	Postage	1	00
				12	Luncheon	5	00
					Matinee	2	50
				13	Contribution		50
				16	Lent Jane	5	00
				20	Stationery	5	00
				25	Charity	2	00
					Balance	22	50
		60	00			60	00

The result of this month shows that the girl actually handled sixty dollars, although she only had fifty-five; this is due to the fact that she made a loan which was repaid during the month, and the amount had to be entered when it was paid out, and also when it was returned.

On the borrower's books the entries would have been in reverse order; that is, she would have debited cash five dollars when she received the loan, and

credited it when she paid it. By looking over such an account one discovers how much money can be spent without tangible returns; and without it, one might be tempted to say, "Where has my money gone to? I 've almost nothing to show for it." In this way an account tends to check extravagance.

When we have reached the end of a month we "balance" our book. This is done by adding all we have received, in its column; and all we have spent, in its column, and to this latter we add what we have on hand in cash or checks or in the bank; and if the sum equals what we have received, we say that the account "balances." The figure of speech is taken from the old scales or balances, where the weights went into one pan, and the sugar or flour into the other, until the weight on one side equaled the weight on the other.

This balance we carry on to the next page, transferring it to the debit side; this is done because we have accounted for it on the credit side, and so it is as though we had received it over again for our account. This is not at all a complicated system, and any girl with a modicum of brains can grasp it; and a rigid enforcement of its great underlying principle of debit and credit will untangle most accounts.

At the close of the month a good housekeeper will carefully classify the expenditures for that

period: this involves a distribution under appropriate headings of the items of cash expenditure and of bills paid and incurred during the month. Usually a few headings will suffice, as: 1. Rent or Taxes. 2. Maintenance of building and equipment; this includes repairs and new furnishings added. 3. Food and ice. 4. Fuel, which should include the cost of removal of ashes, if this is an item of expense. 5. Clothing. 6. Education, which should include the outlay for books and periodicals. 7. Medicines and doctors and dentists. 8. Wages. 9. Stationery and postage. 10. Travel, by trolley or train. 11. Amusements. 12. Pew rent. 13. Benevolence. Other headings may be added as individual need requires. By this system it is easy to see whether the expenditure in any department is disproportionate or extravagant.

Really to check expenses, one should calmly face the problem of income and these demands upon it, and determine in advance just what percentage of the monthly income shall go for each class of expenditures; it will take patience, self-control, and practice to perfect the system so that all one's needs shall be met without exceeding one's income.

There are some other points to be mentioned, however: in order that an account may be of any value, it must be complete and accurate in its detail. It will not do to trust to memory for items of

expenditure and receipt, — they should be entered in the account-book as soon as made. A book which has been kept with such painstaking accuracy might be produced in court as evidence of the payment of a bill : but if on a single occasion the owner of the book had to admit that she had entered expenditures a day or two after their occurrence, and there were no vouchers for the statements, the account would lose weight as evidence.

To insure accuracy and make accounts really valuable as evidence of expenditure, vouchers should accompany them. *A voucher* is a document which vouches for, or bears witness to, the truth of the entry in the cash-book. Thus, if the entry reads, "Paid Jones's bill, $13.50," then the receipted bill becomes the voucher for the entry ; or, if Jones has failed to receipt the bill, but has indorsed the check with which it was paid, the check will be a voucher. In bank accounts the checks which the bank has paid out on an account are returned with the balanced book as vouchers for the correctness of their statement of the balance due. Of course the date and amount of the voucher should agree with the entry which it is to prove.

Some other points about bookkeeping are subsidiary but important. Accuracy in figures is vital, for accounts cannot be balanced without this important art; and oftentimes the reason why they

will not balance is some trifling error in multiplication or addition. Regular bookkeepers become so expert that they can add four columns of figures at once; and constant practice will render it very easy to acquire the art of double-column addition at least; one becomes used to combinations of figures, and 7 and 3, 5 and 5, 6 and 4, 8 and 2, 9 and 1, mean 10, without any appreciable mental effort. It is therefore a wise rule for any one who plans to keep her own accounts to practice addition daily; it will save time and headache when the art is once acquired.

Sometimes mistakes occur because the figures are misread, and this liability to error makes figure-writing of much importance. Then, too, why should not the love of the beautiful be turned to practical account? and if one makes figures, why should they not have a beautiful and legible form? The ease with which the page is read, and its general appearance are much enhanced if the writing is neat and clear and the slant of the figures is uniform.

Of course somebody asks, "What is the use of so much trouble about trifling details if nobody ever sees the book except myself?" The answer is simply this. There is an ideal in bookkeeping as in everything else. When this ideal has been attained by many, we call it a standard of excellence, and thereafter all work of that sort is graded by

that established standard, that incorporated ideal; and to do work of any sort, even the keeping of personal accounts, without regard to "the more excellent way," is a species of moral laziness which in time weakens the fibres of self-respect. Moreover, the habits of painstaking accuracy, neatness, and care, when once acquired, are useful in many other places, and make one a more valuable member of society.

There is another form of keeping accounts on a broad scale, that is used when one takes account of all one's possessions, and balances it with all one's debts. Those possessions, such as furniture, draperies, art treasures, books, laces, jewels, stocks, bonds, and real estate, and anything that could be sold for the payment of debts, are called *assets;* all debts which others owe us are also classed among our assets. All debts which we owe, all demands which may be made against us, are termed our *liabilities;* and it is not merely the money that we have in hand which determines our "present worth," as the phrase runs, but the amount by which the assets exceed the liabilities; or in other words, we are *worth* the difference between what we owe and what we possess. At least once a year, every well-ordered household ought to make up such an account.

It is sometimes difficult to determine these as-

sets ; and to get them as exactly as possible a list should be made of everything possessed and a value placed upon each article. In determining such value one must consider two things, — not what the article cost but what it would cost to replace it now ; and what it would probably sell for in its present condition. It is well to put the lowest possible estimate on things, for a little experience of the small prices brought by valuable articles at sales shows how much of value resides in the fact of the newness or the associations attached to an article. This is especially true of furniture and books in general ; rare editions and choice pictures have a more permanent value. Such a list of one's possessions is called an *inventory*, and is classed among the assets.

Inventories are also taken when one is claiming damages for losses by fire from insurance companies ; they are taken before leasing a furnished house or apartment, and in cases of bankruptcy, and in the settling of estates. They are therefore valuable lists, and require much care and judgment to be accurate. In important cases officials called appraisers are appointed to this task. Many men have gone carelessly on from year to year, thinking themselves prosperous because in their inventories they attached inflated values to their property ; but when their estates were settled the bubble values were

pricked, and the shrunken assets left their estates almost insolvent.

It would be a most efficient check against extravagance if one asked one's self before buying property or curios, "For how much would this be listed in my inventory?" This suggestion is made on the supposition that one wants to make a wise use of money; for it is to accomplish this end that we keep accounts, and make a yearly statement of property. For money is a power, and men are wise or foolish according as they use it; this is the ordinary business view, the motive for keeping account of it. There is a higher ethical side even to bookkeeping; for while money is a power, it is also a trust, for whose right management we are responsible. If the world owes us something, we in turn are debtors to the world for the social organization that protects property, that makes it possible to acquire and enjoy wealth. And it is in order that we may faithfully discharge this social obligation, and more efficiently fulfill our trust, that we should be willing to take the time and pains to look after the little details called cents, and gather them into an orderly account.

CHAPTER XII

ON SENDING THINGS

YEARS ago the business of sending things had not assumed its present huge proportions; it was chiefly men of business who had things sent from one country to another, for routes were not in existence for sending Christmas gifts over the civilized world; and although wealthy individuals indulged in the luxury of privately imported goods, and exchanged gifts with friends and kindred across the sea, for the poor, distance made a great break in friendly and family intercourse; for, as even letters were expensive things to send, they lost track of each other upon separation. But with the growth of commerce, ways of forwarding goods more easily and quickly were devised; steamers and railway trains superseded the old carrier's carts of the earlier days, and express companies sprang up which guaranteed a safe and prompt delivery of goods intrusted to them. The first express company in this country was started in 1839, and limited its operations to the territory between New York and Boston. A little later the government mail service became better organized and the postal rates were lowered, making

communication by letter within the reach of all. Still more recently our government adopted the theory that a postal service stands upon the same footing as the educational departments and cannot be expected to pay the cost of its own maintenance. In consequence of this view facilities were increasingly afforded for the transmission of small parcels as well as letters to all parts of the country.

Within the last few decades, that is, in 1874, a Universal Postal Union has been formed, which represents the governments of over one billion people; so that it is now possible to send letters and even small packages over the world by mail. The representatives of these governments, which include the United States and Mexico, and most of the Central and South American states, all the European states and their dependencies, as well as Egypt, Persia, Korea, Japan, and China, and some of the Sea Islands, meet every five years to arrange the rates and rules which shall govern the transmission of mail-matter between the countries of the Union.

Mail, freight, and express, — these, then, are the three methods by which things may be sent. Let us examine them separately.

In this country such packages of merchandise may be sent by mail as do not exceed four pounds in weight; certain classes of objects are, however,

excluded. Most articles that one desires to send are classed as fourth class or merchandise (mdse.), for which the rate is one cent per ounce or fraction thereof, to be prepaid by stamps securely affixed. Packages must be legibly addressed, securely wrapped, and unsealed, so that they may be easily inspected. The law allows the transmission of such articles as are not in "their form or nature liable to destroy, deface, or otherwise damage the contents of the mail-bag, or harm the person of any one engaged in the postal service."[1] But it classes as *unmailable* the following articles: —

All matter harmful in its nature, as poisons, explosive or inflammable articles, live or dead (but not stuffed) animals, — except bees; reptiles; fruits or vegetables liable to decomposition; guano, or any article exhaling a bad odor; vinous, spirituous, or malt liquors; and liquids liable to explosion, spontaneous combustion, or ignition by shock or jar, such as kerosene oil, naphtha, benzine, etc.[1]

There are some exceptions to this rule, for which one should consult the pamphlet of public information furnished gratuitously by the Post-Office Department, and to be obtained from any postmaster.

Liquids may be sent if packed in the druggist's cases approved by the government: these are cork-

[1] United States Postal Regulations.

lined wooden boxes, and may be obtained from any druggist. Packages for any objects should always be "strong enough to support the weight of the mails piled in bags and to resist rough handling." Glass must be so carefully packed that, if it should break, the sharp edges would not injure or mutilate the contents of the mail-sack; sharp-pointed instruments must have their points so securely "capped or cased that they may not by any means be liable to cut through their enclosure."

The vicissitudes to which mail-sacks are exposed are many: they are tossed on wagons, or from wagons to boats with the chance of a salt-bath in transit; or thrown from express trains to the hooks on the posts by the wayside; and finally dumped on the floors of the great city post-offices in huge heaps. That anything breakable survives such usage is remarkable; and to insure the arrival of a package in good condition all these contingencies should be kept in mind when it is packed. For all articles sent in ordinary mail are sent at the sender's risk as to their arrival or condition. Of course if a package goes astray the post-office officials make some effort to find it, but this is rarely successful. To insure the safe delivery of articles, packages containing them should be registered: a registered package can be traced, for every employee who handles it is bonded and must receipt

for it, and the government is liable for damages up to the amount of twenty-five dollars.

In registering a package the name and address of the sender must be plainly written on the package; and in receipting for such a package the signature is required of the person actually receiving it; provided that such person, if not the one addressed, has been duly authorized by the addressee to receipt for registered mail for her; and this authorization must be on file at the post-office to free the postmaster from responsibility. A case came under my own observation that emphasized this point. A lady traveling in Europe bought a lot of French novels, and, to avoid carrying them about, sent them to her home in this country by registered mail, addressing the package to herself. The result was that the postmaster refused to deliver it to her friends at the house until the proper designation of some one as agent had been received. The postmaster tries thus to guard against fraud, for the receipt signed by the addressee or her authorized agent is, under the law, *prima facie* evidence of delivery, and absolves the postmaster from any further responsibility in the case. In consequence of the greater care exercised in its handling, registered mail travels more slowly than the regular mail. The same regulations apply to registered letters; but as first-class mail travels more rapidly

than second or third, people sometimes put letter postage on a package to insure its prompt delivery and to admit of its being sealed.

Matter sent in the merchandise class must not be sealed and must not contain writing; but a single card, bearing the name of the sender and such inscriptions as "Merry Christmas," "Happy New Year," "With best wishes," or something of that sort, is allowed. If either of these injunctions is disregarded, the package is classed with letters and pays letter postage.

The parcels-post system of Europe is far in advance of ours, for there a package of forty pounds weight may be sent by post. Any suggestions looking to the establishment of such a system in this country have always been fought in Congress by the express companies, for it would prove a formidable competitor to them, and would lead to a great reduction of rates.

Uncle Sam's postal domain includes the United States, Porto Rico, Guam, the Hawaiian Islands and the Philippines, Tutuila and the "Canal Zone" at Panama, and the United States postal agency at Shanghai, China; the domestic rates for postage, two cents per ounce for letters and one cent per ounce for merchandise, apply also to the Dominion of Canada, the Republic of Panama, Newfoundland, Cuba, and Mexico; and quite recently the rate of

two cents per ounce for letters has become effective between Great Britain and the United States, and also between Germany and the United States.

Small packages, whose weight does not exceed twelve ounces, may be sent to countries in the Postal Union if they are "samples without value," at the rate of two cents per ounce for the first four ounces or less, and one cent for each additional two ounces or fraction. This regulation and rate excludes articles intended for gifts, — they should properly be sent by parcels-post, unless they are printed matter, for which the rate is two ounces for one cent.

Packages sent abroad and intended as gifts or for sale should be labeled "Parcels-Post" in the upper left-hand corner, and should be mailed at the post-office, after inspection by an official there; the postmaster will furnish a customs declaration, which the sender must fill out, and affix to the cover of the package in such a manner that it does not close the package and prevent it from being easily opened. If a letter is discovered in a package which has been sent by parcels-post, the whole parcel will be rejected. The rate for this service is twelve cents for a pound or fraction of a pound, except to Chile or Bolivia, where the rate is twenty cents a pound. Packages must not weigh more than eleven pounds usually; but if addressed to Germany or Hong-

kong, China, they cannot exceed four pounds six ounces in weight.

There are also limitations of *size* for most of the countries in the Postal Union : the packages must not measure more than three feet six inches in length, and six feet in length and girth combined. Packages sent to Mexico, Costa Rica, and Colombia may not measure over two feet in length.

The countries to which articles may be sent in unsealed packages by parcels-post are the following : —

Australia.
Bahamas.
Barbados.
Belgium.
Bermuda.
Bolivia.
British Guiana.
Chile.
Colombia.
Costa Rica.
Danish West Indies.
Denmark.
Ecuador.
Germany.
Great Britain.
Guatemala.
Honduras (British).
Honduras (Republic of).
Hongkong.
Jamaica.
Japan.
Leeward Islands.
Mexico.
Netherlands.
New Zealand.
Newfoundland.
Nicaragua.
Norway.
Peru.
Sweden.
Salvador.
Trinidad, including Tobago.
Venezuela.
Windward Islands.

Books are sent in the United States at the rate of two ounces for one cent, and abroad at the same rate; but one must not send in foreign mails books or publications which violate the copyright law of the country to which they are sent. For example, the Tauchnitz edition of English and American books, which furnishes so much of the reading-matter of the traveling English-speaking person, must not be sent by mail to the country where the books were originally printed, for they would be confiscated as pirated editions which infringe the copyright law.

The establishment of rural free delivery routes in this country means a great gain, not only to those living on the routes, but to their friends who send packages or letters to them. The mail travels safely in United States mail-carts right to the farmer's door; and this is more than can be said often for its conveyance in a farmer's wagon over three or four miles of rough country roads. The traveling postman also sells stamps and registers letters.

Packages which are not delivered because the post-office cannot find the person to whom they are addressed, are held for two weeks at the office and a notice sent to the sender, if her address has been given on the parcel. At the end of that time, unless the original sender forwards stamps for the return of the package to herself, it is sent to the Dead-

Letter Office at Washington. There such packages are opened, and perishable or valueless articles are destroyed. The rest are done up in plain packages which do not indicate their contents, and at the end of the year are sold at auction under the government's auspices. The bidding is blind, and sometimes valuables are obtained for a song, and sometimes the case is reversed; but the government's shelves are cleared by the process, and a small sum obtained which pays the expense of storage on the articles. Any one who has ever attended one of these sales remembers thereafter to put her name and address plainly on any packages sent.

So much for mail packages; let us now turn to the express companies, and see what are the facilities offered and the responsibilities incurred in sending goods by them, and what are their liabilities in the transaction.

Express companies are private corporations, and consequently the worth of their guarantee for the safe delivery of goods intrusted to them depends entirely upon their financial standing. It is a crime against the government to attack a United States mail-car; but since it is only an ordinary crime to attack an express company's car, such a car, when traveling through lonely and dangerous districts, must be protected by armed guards. A package sent by express must be securely wrapped and

sealed, and plainly addressed; if this is not done, the company will label it "received in poor condition," and so escape responsibility for its loss.

In sending an express package the value should always be given; otherwise in case of loss not more than fifty dollars can be obtained as damages. Agents are careful to stamp receipts in such cases, "Value asked and not given," and this stamp releases the company from larger claims for the loss of valuable packages. Upon receiving a package the company's agent always gives a receipt for it, which recites the place and date of its receipt, from whom sent and to whom sent, and the value, and whether the charges have been prepaid or not. This receipt should be carefully kept until the goods have been received by the addressee, for it is a document upon which a claim for damages may be based if the package is lost. It should also be carefully read, for it is a contract between the sender and the company, and with great particularity states exactly what the company undertakes to do with the package, and where its liability ceases. It claims exemption from loss incurred at sea, by fire, by "the act of God," by mobs, riots, pirates, or war. It is not liable for damage due to detention of trains or boats; nor for the negligence of a railroad or steamship company at whose wharf baggage is delivered; and the contract ends thus:

"The party accepting this receipt hereby agrees to the conditions herein contained."

In addressing a package some care should be exercised. Suppose one is visiting a friend: her letters are addressed in care of the friend; shall an express package be so addressed? That depends upon many things. If it is so addressed, the one in whose care it is sent may receipt for it, or the one to whom it is sent, at the option of the express company. So if Gladys's jewels are sent to her by express in care of Mr. James Green, at whose house she is visiting, then Mr. Green or his representative may receipt for them.

In large households, where the butler usually receipts for packages, he should be instructed to note the condition of packages very carefully, and if they are in poor condition when received, he should state the fact on the receipt he gives the company. If they are in exceedingly damaged condition, the expressman usually calls attention to it; but unless this is done at the time by one party or the other, damages cannot be claimed for any loss subsequently discovered, the presumption being that the one who received the package has tampered with its contents. A case came under my observation where valuable lace was missing from a package when opened: the company declined to make the loss good because the butler had receipted

for it, and made no comment on the condition of the package.

Because of its liability for damages to the value of the amount stated, express is a favorite way of sending articles of value. The rates are based upon three things: the weight, the distance to be traveled, and the value of the package; the minimum weight for which a rate is made is two pounds. This rate will vary, however, if the package must travel by two or more express companies to reach its destination. Each express company has particular railroad and steamship lines which act as carriers for it; and if the route lies over different roads, the package must travel by different companies. The responsibility of the first express company ends with the delivery of the parcel to the second company, and if the receipt given it states that the parcel was received in good condition, company one is absolved from any further claims upon it. This exemption it can claim because this provision was stated in the receipt accepted by the original sender: the company which first records its receipt in poor condition throws the blame and liability upon the one from whom it was received.

If a lost package has been undervalued and sent at a lower rate, only the damages for declared value sent at such rate can be collected. People constantly undervalue things when expressing them,

and run the risk. If a package is really lost or stolen from the company's office, the company should pay the value after due investigation and patient tracing of the same. But the application for damages must be made within sixty days, and the receipt must be attached to the statement, and the claim made at the office of shipment.

When a package is sent for which it is desired that the recipient should pay the express charges, it should be marked "Collect." Many people mark such packages "C. O. D.," not thinking that that is an abbreviation for "Collect on delivery the value of the goods," or, "Cash on Delivery." This form should be employed only when goods are sent without being paid for in advance; the express company charges the sender with the cost of collection, notifies him of any failure to make the collection within thirty days, and may return the property to him at his cost for both trips it has made. Some years ago many dressmakers near New York were annoyed and defrauded by having packages sent to them C. O. D., on which they would pay charges, thinking them to have been sent by customers; and would find later that the goods had been sent by an unknown party, and they were left on their hands. This fraud was rendered possible by the rule of the express company not to permit C. O. D. packages to be delivered and opened until paid for.

If for any reason the recipient of a package which has been sent "Collect" is unable or unwilling to pay the charges, the company does not deliver it, but holds it and notifies the sender of the consignee's refusal to pay. Thereupon the sender must pay the charge, or else the package is held by the company until the end of the year, when the accumulation of such packages, and those undelivered for any other reason, is sold at auction after due advertisement, to pay the charges on them. There are often tragedies connected with these undelivered packages, so that those sentimentally inclined do not care to purchase; but they are rare occasions for the commercially minded bargain-hunter.

Exactly the same regulations do not apply to freight; there are some peculiarities about its handling and shipment.

In the first place, freight must be delivered at the railroad station or steamship wharf; and as freight has very rough handling, it should be most securely packed: not a vacant corner must be left, and the boxes should be of the stoutest. Trunks may be sent by freight, but only when boxed or crated, so that they may be carelessly handled.

When goods are very securely packed, so that no handling is liable to harm them, a lower freight rate may be procured by marking them "Released." This means that, in consideration of the

reduced rate of freight paid, the railroad or steamship company which acts as carrier, is thereby released from any possible claim for damages should the goods be injured in transit. When a large amount of freight is shipped, there is an appreciable saving in making this classification.

The rates for freight are very reasonable over most of the eastern roads, unless the freight must pass over lines of two carriers to reach its destination. Boxes should have these route-directions plainly stated on them. Thus, goods sent from Elmira, N. Y., to Savannah, Ga., should be labeled, "Savannah, Georgia, via N. C. R. and Merchants' and Miners' Transportation Co. from Baltimore," otherwise they might go by the Erie or the Delaware, Lackawanna and Western, to New York, and thence to Savannah via the Ocean Steamship Co., —a more expensive way; or by rail all the way; and water freight-rates are much cheaper than railroad rates.

In sending large quantities of goods, as when one moves to another city, it is cheaper and better to hire a whole car; then the goods can be securely packed, they are all together, and frequent handling is avoided. The company allows forty-eight hours for unloading the car; after that period there is a charge for the use of the car and the track.

Large factories have private sidings or tracks

that run directly to the factory, and goods are loaded into the cars there, and then the cars are drawn on to the main track and sent on their way.

When the freight arrives at the station to which it was addressed, some firm of carters usually pays the charges on it, gets the receipted bill of lading, and delivers the goods to the consignee, that is, the person to whom they were sent. To the freight charges are added the costs of cartage, and the goods are not delivered until all these charges are paid. This is a great convenience to customers who have not their own draymen, and is profitable for the carters.

When freight is taken to the office of a steamer or railroad for shipment, a receipt is given to the shipper, which is called a "bill of lading." Like the express receipts already discussed, this bill of lading is really a contract between sender and carrier, and the responsibility of the carrier is very carefully limited. It disclaims responsibility for damage inflicted "by causes beyond its control," such as fire, floods, strikes, riots, leakage, breakage, heat, frost, wet, or decay. It declines to promise shipment by any particular train or vessel, or in time for any market; its general business governs such things. It will not carry inflammable or explosive or dangerous goods, unless their nature is specifically stated

in the bill of lading, and a rate corresponding to their classification charged. In case of loss or damage to other goods, the senders must pay all damages thus inflicted if they have concealed the nature of their shipment. As a consequence of several disasters, where a collision has exploded cars of dynamite, there has been strong talk about the "criminal negligence" of railroad companies in carrying such things on the same train with passengers, or even on the same tracks. But as railroads still regard lives as of less account than dollars, the practice continues.

The bill of lading should be carefully kept until the sender is notified of the safe arrival of his goods; for if they fail to arrive, or have been damaged, he will need this evidence in his claim for damages, which he must file within thirty days.

There are many people who are ignorant of the fact that it is possible to send freight C. O. D., that is, to have the goods paid for before delivery, or to have the charges for packing and shipping household goods collected thus. This is the way it is done. The goods are marked "C. O. D." and the amount due stated thereafter, and are sent to one's self with instructions to notify the buyer. Let us imagine, for instance, that John Doe is sending to Richard Roe, at New York City, goods valued at forty-two dollars. He labels the crate or box in this manner:

C. O. D. $42.00

John Doe,
notify Richard Roe,
321 Broadway,
New York City.

The agent fills out the bill of lading accordingly. John Doe then takes this to his bank, and in the blank on the reverse side indorses his name. The bank then undertakes to collect this amount, as it would a check or a note left for collection; and to accomplish that end forwards the bill of lading to its correspondent at New York, accompanied by a draft on Richard Roe for the amount. Roe is duly notified by the bank, and goes there and pays the forty-two dollars and all charges, and the bank then surrenders to him the bill of lading, without which he could not claim the goods. The bank at New York notifies John Doe's bank of the collection, and the amount is placed to the credit of John Doe. This is an absolutely safe way, for if the railroad agent surrenders the goods to Richard Roe without the bill of lading, the bank holds the railroad liable for the C. O. D. amount, the face of the draft, and collects it from the road.

Business men use some queer abbreviations which puzzle the uninitiated, especially foreigners. "F. O. B." is one of these, and means "free on board"; that is to say, the goods will be put on the

train without charging for cartage from factory or store, as the case may be, to the freight-cars. A factory which has its own siding can economize in this way, as the rent it pays the railroad for the tracks is small compared to the equipment for hauling which is thus rendered unnecessary.

When a package is transferred from one carrier to another, the first one disclaims any further responsibility, just as express companies do.

When goods pass through the customhouse and the owner is not present, a customs broker pays the duties and collects them, with his commission, from the absent owner, to whom he forwards the goods.

Sometimes a package of freight crosses the ocean, then the continent, and finally makes its last trip on a stage that takes it a hundred and thirty miles, to some mining camp or other desolate outpost of civilization. Sometimes it goes across the continent to Portland, Oregon, then up the Pacific by that marvelous inland passage, glacier-guarded, to Alaska, where it is carried by reindeer teams or dog teams across the frozen country to settlements within the Arctic Circle. Strange tales some packages could tell, even those that travel only under the dominion of "the starry flag."

Since many rules apply equally to the three methods of sending things, we may summarize the subject thus: —

1. Always address packages very plainly, and distinctly, and put the name of the sender on them.

2. Pack them securely, that they may neither do nor receive harm.

3. Always take a receipt, and read carefully the conditions upon which it is issued; and keep it carefully until notified of the safe arrival of the goods.

4. Always notify the sender of the receipt of a package addressed to you, and do it promptly.

5. Be honest in the description of the articles sent; it is "penny wise and pound foolish" to send valuables at a reduced rate, because the carrier is in ignorance of their presence in the package; for if lost no sufficient damage can be claimed.

6. Remember the difficulties and vicissitudes of travel, and allow a reasonable time for the safe delivery of parcels.

7. Make all claims for loss or damage promptly.

CHAPTER XIII

OTHER PEOPLE'S PROPERTY

THERE are several situations in the ordinary business of life where other people's property comes temporarily into our possession or under our control, situations which sometimes involve much complication; and conversely, our property is sometimes in the hands of other people, and the rules that govern the use in one case do so in the other also. Where we voluntarily place this control in another's hands, he is constituted our *agent*, and we shall treat of the duties and responsibilities of that relation later on. It is the more informal kinds of responsibility for the property of others that first claim our attention.

One is sometimes asked to take charge of a fund that is being raised for some object, thus becoming the treasurer; what are the duties and responsibilities of her office, temporary though it is? Obviously the first duty of any treasurer is to keep an accurate record of all money received and expended. To do this all bills should be paid by check, and receipts taken, for these constitute the vouchers for the expenditures; and all money received should

be receipted for, and the stubs in the receipt book become the vouchers for these items. Then, when the account is balanced, the credit side may read: "So much expended, see vouchers attached; so much in bank, see bank-book balanced; cash on hand (or perhaps loans), see money and notes in the cash-box." An account kept thus can be understood by any one authorized to examine it. Such an examiner is called an *auditor*, and a treasurer's accounts should be audited at the end of the term of office, be it a year or a day. If the sum is large, the bank officials or certified public accountants should be employed; if small, two members of the society or organization should be appointed a committee to audit the accounts and report to the society; the acceptance by the society of the report of a financial officer, after such auditing, clears the treasurer from any further responsibility for past transactions.

It is evident, therefore, that it is of prime importance for the treasurer to keep these funds safely; some women, good women, too, sometimes forget this duty, and if short of funds borrow from the trust funds in their keeping, without giving any accounting therefor. Of course they intend to make good the shortage, and generally do; but the principle is bad. Trust funds ought to be kept in such condition that at any moment the account could be

inspected and found correct. If for any reason a loan is made to any one from these funds, it should be entered with full particulars on the account-book, and a note for that amount, given by the borrower, should be kept with the assets or cash; for this loan the guardian of the funds is personally responsible, unless it was made by the authorization of the society. The wisest plan is to deposit the money in bank; but the sum is often too insignificant for that.

In the event of the failure of the bank in which one had placed trust funds, the trustee would not be held responsible; but if kept at home, and there lost in some unproved way, either by the dishonesty of a servant or by burglary, the responsibility would rest upon the holder of the fund: it was her duty to guard the fund carefully, and she should make good the loss. No man or woman of a strict sense of honor would dream of doing otherwise; because, unless it was notoriously stolen, the suspicion that the funds had been misappropriated would always have a chance to rise, and no honorable man would allow it to be said that trust funds had disappeared while in his keeping.

Suppose one person undertakes to buy theatre tickets for a party, and has the misfortune to lose one before she has distributed them; who shall bear the loss? Manifestly the loser, although she

was buying the tickets as an act of kindness, and received no compensation for so doing.

Or suppose some rings have been sent by a jeweler to the president of a class in school, in order that a selection may be made by the class, and an order given for class rings. During the night one is stolen; the loss will fall upon the person to whom the jeweler sent them. In one such case, however, which I knew about, the class assumed the loss, and shared it equally, arguing justly that the rings had been sent for their convenience, and that their confidence in their president was such that they were certain that the ring had disappeared without her connivance, and not by her fault. Had they not taken this generous stand, the loss must have fallen upon the unfortunate officer.

The appropriation of trust funds is technically termed *embezzlement.* In the business world, men whose duty it is to handle large funds are *bonded;* that is to say, a fidelity assurance company will give bonds for a man's honesty to the institution employing him, upon payment to it by the man of a fixed sum; for a bond of one hundred thousand the rate is about one hundred and fifty dollars per annum. This is really honesty insurance; for if the man so bonded embezzles the funds, the company will reimburse his employer to the extent of its bonded contract. The law manages such cases.

Before special companies did this business it was necessary for a man desiring a position of financial responsibility to get some friend to "go on his bond"; this friendly bondsman had to be a man of large resources, so that when he guaranteed his friend's honesty for, say, one hundred thousand dollars, it could be shown that he was possessed of property to that amount, which would be forfeited if the bonded man embezzled. It often happened, however, that trustworthy and competent men were unable to secure bondsmen among their acquaintances, and were sometimes debarred from lucrative positions by this lack. So these companies came into existence, which will bond any man who will pay the rate for such insurance, and can give reliable references and satisfactorily answer a searching inquiry into his business record and financial standing.

When one borrows property, no matter what it is, even books of little value, and there is no consideration given, the law nevertheless takes cognizance of the transaction and is very exacting; it holds the borrower liable for the slightest injury to the property, exacts its prompt return within a reasonable time, and requires the borrower to exercise extraordinary care of borrowed things, even greater care than he would exercise over his own belongings. People of nice honor would fulfill all these

requirements regardless of law; the careless and selfish need to be reminded that lenders have legal rights.

Turning now to the subject of recognized legal agency, we find that "an agent is one who acts for or represents another, styled his principal"; and he may become an agent either by appointment or by ratification.

Ratification is defined as the adoption of the acts of an unauthorized agent. Suppose one has property for sale, and a real-estate man, knowing this, finds a purchaser for it; if his customer is accepted, the act of the real-estate man is practically ratified, and he proceeds with the sale just as if he had been regularly appointed the agent for the property. There are a few conditions to which one should give heed before ratifying any unauthorized acts.

First: the person assuming agency must have professed to act for a principal, not for himself, and for an existing principal; he could not act for a corporation that was not in existence at the time of his act, even though a corporation, formed afterwards, would like to adopt the benefit of that act.

Second: one should never approve the acts of such self-appointed agents unless there is full knowledge of all the facts of the case; for ratification carries with it all the legal responsibilities of principal for agent; and full knowledge is absolutely necessary,

for the result accomplished may have been reached by trickery; and the

Third condition of ratification is that an act cannot be ratified in part and repudiated, or disowned, in part; and if one accepts the results, one thereby authorizes the means used to secure them.

A man may become an agent by direct appointment, or by the operation of law. If he asserts to others that he is the agent for a certain person, and this claim is not disputed by that person, the man is legally an agent.

A person may become an agent by the necessities of the case. Suppose a driver drops dead on his cart; another man assumes charge of the horses and starts to drive them to the owner's stables. On the way he accidentally injures another team by collision; the owner of the first team will be held responsible for the injury, since it was the act of his *agent by necessity*.[1]

Another case of compulsory agency is that in which a wife, acting as agent for her husband, pledges his credit for the *necessities of life*, if he refuses to give them to her; and this she may do even against his will.

Any person who can legally make a contract may appoint an agent, but it is unsafe to accept the appointment as agent by a minor, — a legal infant, —

[1] Case cited by Burdick in *Essentials of Business Law*.

because later, when he is of age, he may repudiate the agent's acts if he wishes to do so.

Usually the only qualification for an agent is that he shall be competent to perform the act delegated to him. But there are some special forms of agency that require special preparation. Of such are attorneys-at-law, one's agents in the court-room, whose training is prescribed, and authority regulated, by the rules of the court in which they practice.

Sometimes, in case of prolonged absence from home, one desires to give a relative, friend, or trusted employee the right to transact business for her. To do this one should draw up a document, or letter, giving the party the *power of attorney;* this document should state carefully the kinds of acts which it authorizes the person to perform, and should be witnessed before a notary public. Any person may thus be constituted another's attorney, and within the specified limits has power to transact business for his principal, without consultation.

There are many kinds of agents, but a brief enumeration is all that is necessary here. *Auctioneers* are agents for those whose property they sell; they become agents for the buyer, when they make a memorandum of the sale which binds the seller. *Bank cashiers* are agents for their banks, and so a bank is bound to stand any loss arising from the cashier's certification of checks. *Brokers* of all

sorts, stock, real-estate, or any other, are agents sometimes for the buyer, sometimes for the seller. *Factors*, or those who handle goods on commission, are agents; frequently they advance the money for the raising and harvesting of crops, and this constitutes a lien, or legal claim, on the crop, which they deduct from the proceeds of its sale. *Ship's masters* are agents for the company in a foreign port of call, and may pledge the company's credit for necessary supplies and repairs. The butler who signs an express receipt, or the man who gets your baggage checked, is your legal agent, and his acts and failures are yours.

The question arises next as to the extent of a principal's or employer's liability for the acts of his agent, no matter how appointed. Generally speaking, the employer is responsible for all the acts of the agent which come "within the scope of his employment."

He is liable for any contract which he has authorized his agent to make for him, even though the agent has ignored his instructions, provided that the other party was ignorant of the agent's disregard of instructions. Servants who have been authorized to make household purchases may continue to buy, unless the tradesman is informed, even though the servants have been discharged.

The reason for these rules is that the principal is

liable for *wrongs*. In the words of an American judge, "Every man in the management of his own affairs, whether by himself or his agents or servants, shall so conduct them as not to injure another; and if he does not, and another thereby sustains damage, he shall answer it."

If a chauffeur is arrested for injuring people while driving under his employer's orders, the owner of the car is generally sued. Why? The agent in such cases is personally liable, as well as his principal; but as only one judgment can be collected, suit is brought against the party who is most likely to be able to pay the penalty adjudged by the court.

If a driver should run his horses over a flower-bed, or lead them across a farmer's ploughed and growing crop, the employer as well as the driver would be responsible for the resultant damage, although he may have forbidden the acts of his agent. This is part of the risk one runs in employing agents. But an employer or principal would not be liable for murder or burglary committed by a man whom he employed in other ways as agent, unless the criminal act was really authorized, or later adopted, or its benefits accepted by the principal.

If an agent violates the laws of the board of health, or of excise, as when he sells liquor without a license, the principal is held for the agent's criminal act; he should have exercised more supervision

over his agent. If an agent makes a contract when he has no authority, and the principal refuses to agree to it, the agent must pay any damage sustained by the innocent third party. "The innocent third party" is the one affected by the disagreement of principal and agent.

In making contracts with an agent, one should always note that they are made in the name of the principal, and signed in that name, "by J. Doe, Agent." Otherwise the contract will be with the agent personally, not with the principal.

Agency is terminated in many ways: either party may end it without the consent of the other; but the one so ending it is liable for any damages that the other party may sustain by such action. If any third person has forced the principal to dismiss the agent, or even peacefully persuaded the principal to break his contract with the agent, such person can be sued by the agent for damages, as the agent was unwilling to relinquish his agency. Or death may terminate the agency, or a legal judgment of insanity or bankruptcy on either side; and for women, marriage terminates the relation.

It is important that notice of the termination of agency should be given, or the principal will be held liable for the agent's acts in favor of those so misled.

The reciprocal duties of this relation may be thus stated:—

The principal's duty to his agent: he must keep his contract with his agent, pay him fairly for his services, make good his expenditures, and save him harmless from all claims arising from his authorized or ratified acts, unless such acts were known to be illegal.

The agent's duty to his principal: he is bound both by law and morals to serve him loyally, "to give him all the information which he obtains relating to the business intrusted to his care; to obey instructions; to exercise proper skill, and to account fully and honestly for everything that comes into his hands in the agency."

There is a well-known story told of Stephen Girard, the eccentric Philadelphia millionaire. A captain was sent out by him with a cargo, which he was to sell at a certain port, and then reload his vessel with a certain specified commodity. When the captain returned, he reported to Mr. Girard that he had duly sold his cargo, but finding that he could make a larger profit for the owner by bringing home a different cargo than that which his orders called for, he had done so, and made a handsome profit for his employer. Mr. Girard listened to the story, and then discharged the captain from his employ; his agents must obey implicitly.

One should exercise much judgment before appointing an agent, making due inquiries into his

ability and reputation and moral standing; and having chosen him, one should stand loyally back of him and support his endeavors to make a success of matters intrusted to him.

And when in turn one becomes an agent, let him remember that due care must be exercised, since he acts for another, and he must endeavor so to conduct the business that it shall not misrepresent the principal whom he serves.

CHAPTER XIV

TAXES AND CUSTOMS

THAT "there is nothing certain but death and taxes," is an old grouping of two necessities deemed alike important and imperative; for the summons of the tax-gatherer is peremptory and not to be disregarded. Pay or lose, is the alternative.

The question naturally arises, Why do people tolerate such an unpleasant custom? And to answer this we must go back into the dim regions of history, and make observations upon the simplest tribes known now to ethnologists. For in both cases we find a tendency to the headship of a dominant personality: the strongest or wisest man is chief or king; and the first sign of his kingship is that the others pay tribute of some sort to him, and by this means keep his revenues sufficient to maintain a better state than the rest of the tribe, and to assume also some outward symbol or appurtenance of power.

Briefly stated, that is the real origin of taxes: a self-imposed burden on the community to gratify its own desire for a distinctive head. During the

centuries of custom peoples and rulers forgot this origin, and kings came to regard their people as simply a means for supplying their revenues, which they were free to spend as they pleased. This view reached its ghastly climax in the French Revolution; for in the mean time the idea had been dawning that since taxes were paid by the people as individuals, they should be expended in part for the benefit of the people as a whole.

The history of the struggle of the English people for political freedom centres around no nobler purpose than the control of the public purse, its filling and emptying. The Ship-Money tax of Charles I was the firebrand that first aroused the conflagration of the English Civil War. Our own Revolutionary patriots were aroused by various acts of tyranny, but by none that they resented more than by "taxation without representation." The control of the purse-strings was regarded as the touchstone of sovereignty.

The story of the different theories of taxation that have prevailed is a long and interesting one, but for that, one should consult standard histories of economics. Here we shall content ourselves with the present theory, still largely based upon the teachings of Adam Smith, who in the eventful year 1776 published his "Wealth of Nations."

In the older days taxes were levied regularly and

irregularly; for if the king desired more cash for his luxuries or dissipations, or to carry on an ambitious war, or to repel an invasion, he simply imposed a new tax, which frequently took the form of a customs duty on exports. These taxes were at the disposal of the sovereign, and it is related that Edward II, having ordered one hundred and fifty thousand gallons of French wine for his coronation, settled the bill by turning over a share of the customs to the man who had supplied the wine. He paid the wages of his soldiers, and for his wife's jewels, by similar orders on the customs.[1]

Taxes are now levied for the support of the government, whether that be national, state, or municipal; and since we hold that "government derives its just powers from the consent of the governed," our taxes are assessed by bodies representing the different departments of government. Simply defined, "a *tax* is a charge or burden laid upon persons or property for the support of the government."

The Federal government, that is, the government of the United States, derives its revenues chiefly from taxes; these taxes are *indirect* taxes, that is to say, they are not assessed upon particular individuals. During the Civil War and for some years afterwards, and again during the Spanish-

[1] *The King's Customs*, by Henry Alton and Henry Hurst Holland.

American War, the government, by congressional enactment, increased the indirect taxes, and imposed some direct ones in the shape of revenue stamps which had to be affixed to checks, receipts, deeds, and all business papers, and added much to the cost of business transactions. Because of the rare imposition of a direct tax, these were felt to be burdensome; and the cost of war was brought home to each individual whenever he sent a telegram or wrote a check or a receipt. The revenue derived was enormous, and the taxes were justified only by the prodigious war expenses. They were repealed as soon as possible.

Ordinarily the main revenue of the government comes from the customs dues, the sums paid as duty on articles imported from abroad. The law which contains the schedules of articles of import, their classification, and the rates of duty levied on them, is called a *tariff*. The taxes thus levied are collected at customhouses established at the principal ports, along the borders of Canada and Mexico, and at some large inland cities. To these latter, goods may be shipped from abroad directly, labeled "in bond," and then they will not be opened and inspected until the specified customhouse is reached. The purpose of a tariff on imported goods is twofold: first, to raise a revenue, and second, to foster American industries by making it expensive

to import articles that would otherwise compete in price with those made at home.

There is always a temptation to bring in goods so concealed that the inspectors at the customhouse cannot find them and levy duty on them. It seems especially hard to pay a duty on goods just because one crosses the invisible boundary line between Canada and the United States. This concealment of articles is technically known as *smuggling;* and the penalty for it is payment of a fine *and* confiscation of the goods; they are seized by the customhouse or Treasury officials, and sold at public auction, unless redeemed. A wealthy woman recently attempted to smuggle into the country eighty thousand dollars' worth of tapestries and art objects; they were brought in by a friend and labeled "household goods," in order to obtain free entry. But the agents of the Treasury Secret Service in Paris had sent word of this shipment and the fraud was discovered. Thirty thousand dollars were assessed as the regular duties, and a penalty of forty thousand dollars added; and after these amounts were paid, the confiscated goods were released to the offender only upon payment of eighty thousand dollars.

The duty levied is based on the value of the goods imported, and people sometimes cheat the government by swearing to a false valuation; they

will even go to the extent of having dishonest bills made out in Paris, Rome, London, or Berlin, to offer as proof of value. *Undervaluation* is punished by a penalty-duty which increases with each one per cent of value added, by the customhouse appraiser's estimate, to the owner's entry. If the goods have been undervalued seventy-five per cent, they may be seized by the government. Formerly passengers were required to make out a declaration and swear to it, so that a false statement was really perjury. But quite recently a new plan has been put into operation. The passenger may now make out his declaration at leisure during the voyage, and hand it to the officer on arrival at port; no oath is required, each one is left to his honor. This will relieve many from the crime of perjury, but not from the sin of lying.

Some people excuse their smuggling on the ground that the tax is too high, or outrageous. That is rather a poor excuse in a country where such taxes are levied by a representative body. The honest way is to obey the law as it stands, and then seek to have a better law enacted in its stead.

Taxes levied on articles raised or produced in this country, such as tobacco and liquors, are termed internal-revenue taxes, and are payable by stamps affixed to the articles. These taxes also are evaded. Down in the mountains of Tennessee, Kentucky,

West Virginia, and North Carolina, the natives manufacture whiskey in secret, after primitive methods. They will not pay the high tax, which is in the form of a license, and so their places are called "illicit distilleries," and they are ruthlessly hunted down by United States marshals accompanied by armed men and bloodhounds. As the business is conducted at night, to insure secrecy, the mountain distillers are called popularly "moonshiners." When a raid is made on a distillery there is often a desperate struggle, for the men resist arrest, and so it happens that murder is sometimes committed, and some poor mountaineer is killed for the crime that grew out of evasion of taxes.

Since the revenue derived by the government from the sale of public lands is but an inconsiderable item in its budget, it follows that smuggling, or cheating the government, is really diminishing its revenues; and as it is chiefly by these indirect taxes that the government pays for our great navy and standing army, our public buildings, the great irrigation works that are making the desert blossom, the river and harbor improvements, the agricultural experiment stations whose work tends to increase the productivity of our farms, our scientific departments, the Post-Office deficit rendered necessary in giving cheap postage over so great an extent of territory, the Panama Canal construction, and all

other public works; so it will plainly appear that the colossal selfishness of those who defraud the government retards and diminishes the public benefits which all would enjoy from a wise expenditure of abundant revenues.

The taxes levied by the different states vary with the state and its necessities. Some states levy an income tax; the imposition of a tax of this sort by the government was declared unconstitutional in 1894. An inheritance tax is levied in some states upon property transferred by will, or inherited under the law. The New York law taxes an estate of over five hundred and less than ten thousand dollars, at "five per centum of its clear market value," if it has been left to nieces or nephews or strangers, with some exceptions. An estate which is transferred by will or by direct inheritance to father, mother, husband or wife, child, brother, sister, wife or widow of a son, or husband of a daughter, or a legally adopted child, is not taxed if its value is less than ten thousand dollars; over that amount the tax is one per cent; but even one per cent of twenty millions is two hundred thousand dollars for the state's coffers. The theory on which this tax is levied is that the owner of the riches was enabled to accumulate them because of the good government of the state: and, therefore, at his death this silent coöperation should be recognized

by a partner's percentage for the state. Its aim is also to assist in breaking up vast estates, so that immense wealth may not be concentrated in single hands.

Some states also tax corporations within their limits; and also mortgages, bank stock, chattels, machinery, and even the professions. Sometimes the state levies a tax for the use of the land upon each individual holder of it, thus asserting its sovereignty.

County taxes are levied upon the land, and also upon various occupations, sometimes upon stocks and bonds as well. There is a road tax levied by counties for the keeping of the public roads in order. In many parts of this country, this is payable in money or so many days' labor on the road, according to the man's tax, a day's labor of one man counting for one dollar and a quarter; the labor of a man and one horse counts for more, and for a man with a team of horses the allowance is still greater. The custom of working out a road tax dates from the time when money was scarce and labor plentiful. It has not conduced to good roads, for the work has seldom been honestly or intelligently done; and there is now a very general movement to insist upon the payment of the tax in money, and have roads repaired under competent supervision.

City taxes are levied upon individuals holding

property within its limits, upon real and personal property. Court decisions have been made in New York State that declare the foundations, columns, and superstructure of elevated roads to be taxable as real estate; and the right of a company to draw water from the Niagara River at the Falls is likewise held to be realty, and therefore taxable. There is also a tax for water where the city owns the plant. The penalty for failure to pay the water-rent is the shutting-off of the water. When the other taxes are unpaid, the property is advertised for sale for a month, and then the sheriff levies on it, and sells it for taxes; a man may buy back his property within a year by paying the taxes on it, plus the costs of advertising and sale, and the interest on the debt. His right to do this is called his "equity of redemption." This is the usual procedure, but the practice varies in different states. In some places a man may acquire good title to any property by living on it ten years and paying taxes for it. Absent owners frequently lose property by the operation of this "law of adverse occupancy."

Under the head of taxes levied by a city come the assessments made upon property-holders when a street is asphalted or other improvement undertaken; the city holding that the improvement has benefited the property on that street and, therefore, the beneficiary or owner should pay for it. This

tax is always grumbled at, for some owners always object to improvements.

Taxes are levied either according to the sworn returns which the taxpayers make of the value of their individual property holdings, or according to the valuation of the taxable property made by a board of assessors. These men are supposed to be thoroughly familiar with the values of different locations, and to make an honest appraisement. The city authorities establish the rate of the tax, according to the city's financial needs, and after the valuations are returned by the board the individual tax-bills are made out. Property-owners are usually given a reasonable time in which to object to the valuation of their property; there are few like Esther Gay, of Mary E. Wilkins's story, who object to having their property valued too low, as a matter of pride; and if an owner takes oath that his property was overvalued the assessment will be reduced. This is called "swearing off taxes," and is much practiced by large property-owners; it is often the one way in which a man will perjure himself. It thus happens that a man who owns his little home, and only that, will pay proportionally a larger tax than a man who owns much property. This inequality arises from the fact either that the poorer man is more honest, or that the difference in the amount of the tax would be so trifling

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Yours truly,

RAYMOND G. LAIRD.

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IT is common to read in a report concerning the failure or suspension of a business house or corporation that not until experts have been at work upon the books for several days or weeks can any one learn the exact state of assets, liabilities, or loss. The frequency with which this statement is made naturally suggests a causal connection between accounting and success. The connection suggested will be found on examination to be existent in a large proportion of the cases of business failure.

The average business man does not know what things cost him. The head of the manufacturing department of one of the large consolidations, commonly called "trusts," recently remarked that before consolidation he used to wonder how some of his competitors could afford to take contracts at their own bids. After the consolidation he discovered that these competitors never knew even approximately the cost of manufacturing their goods and often took contracts at an inevitable loss — which simply happened to be made good by large profits on other contracts. This is typical for much of our American business, but good accounting can forestall many of the elements of bad luck and show just where lies the good.

In view of the remarkable success of American trade in spite of much bad accounting, — or, rather, in spite of no accounting at all in thousands of establishments, — one is forced to anticipate phenomenal success when good accounting shall become general.

THIS book sets forth in simple form the main principles which must govern any attempt at accounting. Since scientific analysis of business transactions is hardly serviceable until recorded in intelligible form, the fundamental principles of record bookkeeping are also briefly stated and illustrated. No attempt is made to discuss or illustrate all even of the common forms of bookkeeping, nor are the shortest forms necessarily chosen, or even mentioned; indeed, for the purposes of this book, the longer and more old-fashioned forms often prove more serviceable. The aim here is not to show short-cuts and bookkeeping-made-easy, but thorough discussion of principles, so that the student of the book shall be master of something better than rules of thumb, and shall be able to judge for himself what short-cuts will serve his purpose.

The book is intended to be comprehensive for principles, but is not meant for an encyclopædia of bookkeeping forms and practice. Many excellent manuals of such sort are on the market. For the convenience of those who are already familiar not only with bookkeeping practice but also with the philosophical basis upon which it rests, these matters are discussed by themselves in Part I. Part II is devoted entirely to the analytical side of accounting. The later chapters of Part II attempt to make general principles more concrete by applying them to the problems of different lines of business in which they may be best illustrated — without, however, entering into technical details of any business.

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that he does not take the trouble to swear any of it off.

Another form of tax is called a poll tax, from the old English word for head, and is a tax levied, generally by the state, upon the head of every man who is entitled to vote, with the exception of the blind, the crippled, and honorably discharged soldiers and sailors (New Jersey also specifies "paupers, idiots, and insane"). This tax is a fixed sum, usually only a dollar or two, and the uses to which it is devoted are various. Recent legislation in Georgia enacts that the proceeds of this tax shall be used "for educational purposes in instructing children in the elementary branches of an English education only"; in some other states it is turned into the general treasury of the places where it is collected, and in some it is used to defray the general expenses of elections. In Georgia and in Vermont, and possibly in some other states, a man is not entitled to vote unless his taxes, including this one, have been paid before he is registered on the poll list. In Georgia a large number of voters own no taxable property; and as this is consequently their only tax, it is a frequent custom at elections in such states for the political party which desires the vote to pay the tax for the voter. This tax is not levied in all states; but it is a very old form of tax, one that runs back to antiquity: the Jews paid a poll tax to the Temple,

but resented the imposition of a similar tax by Rome, regarding it as a badge of servitude.

In England a tithe (that is, a fixed percentage of the income) is required by law from all property-holders, for the support of the Established Church. Non-conformists, or members of other denominations, object to paying this on conscientious grounds, and will sometimes go to jail rather than pay it. Their attitude recalls that of the Jews in the times just before Christ: Rome levied a land tax, and they objected to it, as they thought it "undermined the doctrine that to the Lord alone, as the owner of the land, did they owe payment for the blessings that came to them in the way of fruits and harvests." [1]

It is difficult for us to appreciate the opprobrium in which a tax-gatherer is held in countries where the taxes are not collected by regularly appointed government officials, but are "farmed." In the days of the old Roman Empire this was the common practice; men bid against each other for the privilege of collecting the revenues of a province; and the man who paid the ruler the highest sum received the award, or the right to collect taxes. Of course he had to collect enough to reimburse himself and make a handsome profit as well, and this led to much extortion. One can understand the amazement of the people of Palestine, when the

[1] James S. Riggs, *History of the Jewish People.*

under-collector of the Roman farmer, Matthew the Publican, was chosen as one of the close companions of the Nazarene Teacher, who preached righteousness. In the Turkish Empire to-day the same system is in vogue, and is the frequent cause of persecutions, riots, and poverty.

Men sometimes resort to queer ways of paying their taxes. Years ago, when land-values in Kansas City were rising rapidly, a young man bought a valuable lot in the heart of the city to hold for an increase in value. Meanwhile he had heavy taxes to pay on it. So he had it ploughed and planted with corn, and from the proceeds of the sale of the crop paid his taxes. Naturally his neighbors were indignant to have a cornfield in the heart of the city's business section ; but he serenely harvested his crops for several years, until values rose and he could sell at a handsome profit.

At the close of this brief review of the tax question, let us reiterate a few points.

First : Taxes are necessary for the support of government ; and without government the social organization and the means of acquiring and holding property would be lost.

Second : Taxes should be fairly levied upon a justly assessed valuation of lands, houses, personal property, or imported goods ; and when so levied, should be honestly paid.

Third: The man or woman who smuggles goods through the customhouse, or dodges taxes by swearing them off falsely, or avoids revenue laws by the illicit manufacture of goods on which a tax is levied, is dishonest. There is no difference in morals between the cultured traveler from Europe who smuggles goods or falsifies values, and the ignorant, rude, and unlettered mountaineer, with vague ideas of right and wrong, who makes corn whiskey in a mountain cave.

CHAPTER XV

THE USE AND TRANSFERENCE OF PROPERTY

PROPERTY is the thing we possess, and is usually classed as *real* or *personal.* Personal property includes clothing, jewels, furniture, stocks and bonds, horses and other live stock, crops, wines, mined coal or minerals, and manufactured goods; in short, all possessions that are in their nature movable. Real property consists of those forms of wealth which are more stable in their situation, such as houses and lands, and is commonly, but incorrectly, classed as "real estate."

Now property figures in business transactions in three ways: it is bought or sold, mortgaged, and leased; and we shall consider it under these three heads, dealing first with transactions in realty.

It is always easier to buy than to sell real estate, and this is especially true if there is a pressing necessity for the owner to sell, such as the closing of an estate, or contemplated removal to a distant location; and the price realized from such sales is usually exceedingly low. After a buyer has been found for the property there are many formalities to be observed.

It was the custom in feudal England, when land was transferred, for the old owner to give to the new one a clod of the earth, taken from the land, and bestowed in the presence of witnessing neighbors: this was called "the livery of seizin," or taking possession. When William the Conqueror landed on English soil he stumbled and fell; but promptly seizing a handful of the sand he shouted, "I have taken seizin of this land of England," and so turned an omen of disaster into a prophecy of success by the assertion of legal possession.

Nowadays when a man buys property he receives from the seller, at the time of payment, a *deed* of the property: this is a written document which recites the fact that the owner conveys to the buyer a certain therein described property for a certain consideration, sometimes mentioned, sometimes stated as "one dollar and other considerations."

The transferring of real estate is usually done through the medium of men known as real-estate agents, who make it their business to hunt up buyers for property, or property for buyers, and who receive for their labor a commission on the sale. When buyer and seller have found each other, a lawyer is usually employed to draw up the deed. There is usually a preliminary agreement to complete the sale in so many days, signed by both par-

ties, and made binding by the deposit of a small sum by the purchaser.

During this interval the intending buyer should have a lawyer or a title-insurance company "run down the title"; that is, search the records to ascertain that the man who is selling the property is legally entitled to do so. Sometimes there is found what is called "a flaw" in the title; this means that somewhere in the chain of deeds from the first to the present holder, somebody did not have perfect title. If any such flaw is found and the purchaser wishes to withdraw from the sale, he may do so, and receive back his deposit. If the owner, after signing the agreement to sell, decides not to do so, and has no good reason for his refusal, he can be forced to complete the sale or be sued for a breach of contract. If the buyer changes his mind and declines to complete the sale, although the title is good, he forfeits his deposit, be it two hundred or two thousand dollars. When the conditions have been found to be satisfactory to both parties, the deed is passed to the buyer upon the payment of the agreed price, and by him or his agent taken to be immediately recorded at the proper office.

Let us consider the essentials of a deed that will give perfect title to property. It must contain the names of the seller and the buyer, called respec-

tively the parties of the first and second part; these parties must be legally competent to contract, that is, must be sane and of full age; for if an insane person should sign a deed it would invalidate the title, and if a minor should convey his property the title would not be safe, because he could repudiate it when he came of age; or if the guardian of an insane person should convey his ward's property, and the court that gave him permission to sell had no jurisdiction in the matter, the title would be "clouded," and not quite perfect. The seller must show that his right in the property is still good; for if he is an absentee owner and others have trespassed on his land, that is, have not observed his boundaries, the law in some states will give the land to the trespasser, if the owner has "slumbered on his rights" and allowed the trespasser to remain undisturbed for fifteen years; the right of ownership must be frequently asserted or others will acquire title by "adverse occupancy."

The third requirement is that the deed must accurately describe the property, to avoid mistakes. How are boundaries described in deeds? In modern cities the lots are regularly laid off, and the plots registered in the assessor's or surveyor's office, so that the deeds recite only the numbers of the section and of the lot that is sold. In the newer states where the government Coast and Geodetic Survey has laid

off the land in squares running parallel with the latitude and longitude, the description is based upon these facts, and is given in feet and inches. But in the older states and towns the land is measured by surveyor's rods and chains and follows the directions of the compass, so that a description would read after this fashion: The line runs 285 rods and 25 chains north, from a sweet-gum tree at the southwest corner of William Walthour's land, to a yellow pine tree on the edge of the swamp; thence 300 rods in a westerly direction to a cedar post; thence 285 rods and 25 chains in a southerly direction to a stone at the southeast corner of James Bacon's land; thence 300 rods east to the starting-point.

Under the cedar post and the stone, or whatever marks the boundary, in Canada, Virginia, and Vermont, and perhaps in some other states, one finds broken crockery buried; this was the old English custom, and it has survived in the above-named places; to remove a boundary-stone, in the old countries, was equivalent to stealing a portion of a man's land.

How much does a man buy when he purchases land? The old law phrase reads that "the land extends from the centre of the earth to the highest heavens"; the phrase antedates sky-scrapers, and includes crops and mines or oil-wells, or whatever

is fixed upon or in the earth, unless it is specifically excepted.

But to return to the deed. No words must be erased or interlined, nor any alterations made, after signing the deed; and if such changes are made before signing, the fact should be stated in the document. It must be signed by the seller or grantor, and if he is a married man his wife must also sign the paper; or if the seller be a married woman, it is requisite in most states that her husband shall sign the deed. The signatures should be followed by the letters L. S., legal seal, or have such a seal affixed, as the statute may require; and should be acknowledged before a notary public or other magistrate.

It is not necessary that the deed bear a date; its date is the time it was delivered to the buyer or grantee.

Deeds are of two sorts: *warranty* deeds and *quitclaim* deeds. In a warranty deed the grantor pledges himself and his heirs and assigns "to forever warrant and defend" the title against all persons, or words of like import; consequently, if a flaw in a title-chain is found by a later searcher, even fifty years afterwards, each seller who has given a warranty deed can in turn be sued by each buyer for the damage he has suffered by the insecure title.

The quitclaim deed does not bind the grantor to warrant the title against previous defects; it simply

relinquishes any claim he may have in the property. In most New England states this is a sufficient deed, even for the transfer of valuable property. Under such a deed the grantor cannot be held responsible for any flaw in the title that may be subsequently discovered, unless caused by his own act.

As soon as a deed has been duly acknowledged and delivered, it should be taken to the recording officer, that it may be entered on the county records. A title is insecure to a man's heirs unless the deed has been recorded ; and the creditors of the grantor may seize on property after a sale which the buyer has failed to have recorded. The recording of a deed is a financial, though not a legal necessity. When the record has been made, the deed is returned to the owner, bearing the number and page of the volume in which it has been copied. Deeds should be carefully preserved, for courthouses sometimes burn down, and the records are thus destroyed ; but the deed with its evidence of record would hold the property for the owner.

Every time property is sold, a new deed is required ; the old one cannot be transferred by simply indorsing it, as one would pass on a note or check ; although this has been done between business men who should have known better.[1]

Houses are sometimes bought on a plan of partial

[1] Cited by Mary A. Greene in *Woman's Manual of Law.*

payments. Building and loan associations are formed to facilitate such purchases, and make it easy for a man of small means to own his own home. The association will lend the man money to buy or build his home, and allow him to pay for it by monthly payments, which usually average a little more than he would have paid for rent. He is charged on the association's books with interest on the amount loaned, and is credited with the amounts paid; so that every year his debt grows smaller. During this time he must pay taxes and assessments and keep his property in repair. The deed is not given to him until the property is entirely paid for, so that he does not really own it until that time.

This method commends itself to thrifty men; for after renting a house for years a man has nothing to show for his rent-money; while by this method his rent-payments actually purchase his house. If for any reason the payments are stopped, after a certain time the association takes possession of the house, and the man loses his investment. Sociological investigations show that many of the children of the poor go to work at a very early age in order to help the parents buy the home; this is especially true of factory laborers. The preliminaries of such a sale include those of a cash purchase, and the additional contract with the building association arranging for the payments.

The buying and selling of personal property is attended with less formality. In order properly to secure a sale of property whose value ranges from thirty to three hundred dollars, a memorandum of its terms should be made, or a part payment given which binds the bargain; such a payment is sometimes called an *earnest*. A price in money is one of the essentials of a sale of personal property; a price in terms of other goods is not a sale, but barter. There are some cautions to be observed in buying personal property.

First: Property should be taken into possession as soon as possible after it has been paid for; and this, not because one doubts the trader's honesty, but to perfect title. A sale is complete when the goods are ready to be delivered to the buyer; if they are boots, or soaps, or things that do not have to be prepared, they become the buyer's as soon as paid for; and if they are burned in the shop before delivery, the loss falls upon the buyer. Or if the goods have been left for delivery for several days, and during that interval the merchant fails, his creditors can seize the goods and the buyer would be the loser. One takes this risk sometimes at the holiday season, but it is an unwise thing to do. Goods bought on credit of course are not really ours until paid for; and if an article which has been bought at a store and charged, and left for delivery, is sold

again by the dealer in the mean time, the buyer on credit has no redress.

We have said that title passes when goods are ready for delivery; but if they must be weighed, measured, or altered, before they are in the proportions or condition which the purchaser desires, he does not own them until these changes have been made; and if a fire should occur before the goods were ready for delivery the purchaser could recover the money paid for them. If a man had ordered a pair of boots from a shoemaker, and had paid nothing, nor signed a memorandum of sale, the maker could not recover the price if the buyer should die before the goods were delivered.

There is one form of buying which is increasing in popularity, and which, apart from its moral aspect as an encourager of extravagance, is also most unsafe. This is the so-called installment plan, whereby a large quantity of goods may be purchased for small weekly or monthly payments; often the rate is a payment of one dollar weekly for every hundred dollars' worth purchased. Diamonds, pianos, clothing, furniture, books, — almost everything may be so purchased; and wage-earners are tempted into great extravagances by these alluring offers. Under this specious system, young people furnish their houses much more handsomely than they can afford; the small grocer's clerk indulges in a gold watch, and

the broker's clerk, in a diamond pin ; and then they spend their energies keeping up the installments.

The "credit houses," which sell furniture and everything else on the installment plan, amply protect themselves. The purchaser agrees to pay so much a month or a week, as the case may be, and gives the dealer a chattel mortgage under the terms of which the goods revert to the dealer if at any time the installment is not forthcoming. The seller may take the goods, even though the purchaser has paid ninety per cent of the agreed price; the law holding that the money paid is only the seller's compensation for damage to goods and interest on his capital involved. The price asked is always larger than a cash price would be, for it must cover the interest on the money represented by the goods the seller has delivered.

It often happens that this system, besides conducing to extravagance, leads to actual misery; for the poor woman who has paid eleven twelfths of the installments on her sewing-machine, may be unable because of illness to meet her final payment, and so loses the machine by which she was earning her living. People who buy thus are gambling, and health and tenure of position are the cards.

It is noticeable that groceries and fuel are not sold on this plan, for once consumed there would be no goods for the dealer to recover. It is a fact

that many of the so-called "misfit clothing" stores and carpet stores secure their stocks from goods claimed because the installments have not been paid. "It's an ill wind that blows nobody any good," and in this case one man's misfortune is another man's profit.

A mortgage is a deed whereby title to property is given conditionally. It is the security given to the lender for money loaned; and the property will become his if the borrower fails to pay the amount loaned and the interest when due.

Suppose a man owns a farm, but has no money for stock and implements; he borrows the necessary amount, and gives a mortgage on his land as security. Suppose he has a succession of bad crops, so that he cannot pay the interest or the principal. In that case the owner of the mortgage sues him in court and forecloses the mortgage, and then sells the property; if the amount received is over the amount due, the surplus is given to the owner; but if it is less, then he must make up the deficiency. The property must be sold at auction after due advertisement.

The form of the mortgage and the procedure for foreclosing differ in different states; in all, however, there is a deed signed and a promissory note for the exact amount given. In some states, as in the District of Columbia, the document is called a *deed*

of trust, because the property is deeded to a third party, called a trustee, to be held until the note is paid; and carries with it a provision enabling the trustee to foreclose upon non-payment of interest, without recourse to the courts.

When a mortgage is paid, the note is canceled, and the mortgage returned to the mortgagor, with a document called a *release;* sometimes the release is written on the same document as the mortgage, sometimes it is a separate instrument. Both mortgage and release should be promptly recorded.

Sometimes a man places two mortgages on his property, each mortgagee believing that he has the only mortgage. In the case of such knavery the mortgage first recorded would be the first mortgage, and enjoy its privileges, while the other one recorded would be regarded as the second, even though it bore a prior date.

A second mortgage is very undesirable, because the property can be sold by the holder of the first mortgage, and the second man may have to buy the property to protect his claim. Consequently it is plain that the same care needs to be exercised with mortgages as with other deeds. In accepting a mortgage one should note that it fully and accurately describes the property; that it was not executed by a bankrupt, in which case there would be no security for the loan; that the wife signs the

deed with her husband, and that she is of full legal age to do so ; and that the property is clear, and has no builder's or mechanic's lien against it, no court judgment for debt, nor any prior mortgage ; it should then be promptly and properly recorded. Title should be searched for a mortgage as carefully as for a warranty deed.

Mortgages are given on all classes of property ; sometimes they are given on furniture or personal property, in which case they are called "chattel mortgages" ; these are recorded like other mortgages, but the process of foreclosure is simpler.

The word mortgage is derived from the old French, meaning a *dead pledge*, and is employed because the "estate so put in pledge shall continue to the lender as dead or gone from the mortagor" (Bouvier). Unless specifically provided in the instrument, as the written statement is called, the property mortgaged cannot be sold until the court has ordered the mortgage foreclosed ; but until the "rule absolute" has been made by the court, the owner may redeem his property by paying the principal and interest of the debt ; after the issuance of that rule the property is sold.

Mortgages are favorite forms of investment with corporations and some individuals ; but there is often so much misfortune and personal hardship connected with their issuing, that tender-hearted

people hesitate to invest in them, that they may avoid the infliction of pain if foreclosure becomes necessary. It is so often the widow and orphans who suffer from unpaid mortgages.

The third way in which property is transferred is by renting or leasing. A man surrenders his ownership in his property to another man for a specified time, on condition that he receive in exchange therefor a certain sum of money called rent. *Rent* is simply a compensation for the use of property, real or personal, which the owner expects to receive back again in as good condition as reasonable wear and tear will permit. Renting creates the relationship of landlord and tenant, or lessor and lessee. Most people are more concerned with renting than with selling property, therefore it is well for us to be acquainted with the rights and duties of each party to such a contract.

The longest term for which a lease may be given is ninety-nine years, and the shortest term is usually one year. Properly speaking "the *lease* is a document wherein an owner grants to another possession of his property for a limited period, under agreement that some compensation in money or provisions or other rent shall be paid." The man who gives the lease is the lessor, the recipient, the lessee. Long-term leases must be in writing and executed like a deed. When one rents a house or store a

lease is made out, whose legal essentials are (1) that it must contain the names of the landlord and tenant, (2) an accurate description of the property, (3) that there must be a clear statement of the time for which it runs, and (4) that it must be signed by the party of the first part, the lessor or landlord, and the party of the second part, the lessee or tenant.

In order to avoid disagreeable misunderstandings, it is well to have some other agreements included in the lease. The parties should agree as to which of them is to pay the taxes, make repairs, pay water-rates and insurance, and any assessments that may be made upon the property by the city for new sewerage, or paving, or such things.

Unless otherwise stated in the lease it is the tenant's duty to make repairs ; but the lease only requires him to make an outlay sufficient to keep the buildings "wind and water tight." If the tenant under a certain lease is expected to make the repairs, and the property is damaged or destroyed by fire, he must rebuild and pay his full rent also, although he may be out of the use of the property while it is being repaired or rebuilt ; he should, therefore, be careful to have some provision inserted in the lease to provide for this contingency.

If, however, the landlord has agreed to make the repairs, and does not do so, the tenant cannot compel him to keep his word by refusing to pay the

rent on that account, nor will the law justify him in so doing. He must sue or suffer in silence until his lease expires. I knew of a case where a disobliging landlord, who was a woman, was brought to terms by the tenant, also a woman. The lease required the landlord to make repairs; the cellar was very damp and the furnace in bad order, but the landlord would do nothing, and the tenant was helpless under a year's lease. She was a clever woman, however, and finding the owner obdurate, sent for an inspector from the Health Department to examine the cellar: he promptly pronounced it unsanitary, and served notice on the owner to have it put into proper condition. An inspector from the insurance company, upon request, came and examined the furnace, and declared its condition endangered the building, and might forfeit the owner's policy unless it was at once repaired. The repairs were made.

Of course a tenant is not justified in putting in a new range without the landlord's consent, or making other repairs which he deems necessary, and charging them to the landlord; for such unauthorized acts he must bear the expense himself. A landlord sometimes suffers such things, rather than lose an otherwise desirable tenant, but it is an act of grace on his part. In some places the gas company requires the landlord to make a cash deposit and sign a paper assuming responsibility for the tenant's

gas-bills, before they will turn the gas on in the house.

A provision is sometimes inserted in a lease forbidding the sub-letting of the property: that is, the tenant cannot rent the property to some one else without the owner's consent. He may, however, rent a part of the house if he chooses, unless this is expressly forbidden. Sometimes it is stipulated in the lease that the property shall not be used for certain purposes.

In renting apartments the same rules apply as for separate houses; in such leases the stipulation is sometimes made that no dogs or birds shall be allowed, or children. In an apartment lease in Germany there is a regulation that forbids the keeping of geese in an apartment: goose-keeping is so rare here that nobody has thought to prohibit it. There is no legal limit to the restrictions that a landlord may impose, and after a tenant has signed the lease he is bound to observe them. He is also expected to be reasonably careful about the use of the premises, and not to damage wantonly the woodwork or floors or ceilings and walls.

An interesting case was decided in the New York courts last winter. A certain apartment house was kept so cold that a tenant refused to pay his rent, claiming breach of contract on that account. The landlord promptly sued for the rent. The court

decided that as long as the man occupied the apartment he must pay the agreed rent: but that, under such circumstances, he might move out of the house and the landlord could not sue for breach of contract.

The following paragraph is taken from the circular of an apartment house in the vicinity of Chicago, and illustrates both sides of the subject. "Of course the owner must look after his interests and conserve his investment. But he aims to be reasonable and liberal in every particular, and to give the tenant the fullest value practicable for his money. Some people, however, want the earth with a bandbox and silk hat thrown in. These he cannot hope to satisfy, though he will do his best to meet them."

A nice sense of justice governing both landlord and tenant will make the relationship a pleasant one; there is probably no finer place for the practical application of the Golden Rule; for if the tenant will look at things from the landlord's point of view, and the landlord will see the tenant's side, there will be no unfairness. But when each is trying to get as much as he can from the other, the relation becomes a struggle for advantage, with all its attendant unpleasantness.

A tenant is at liberty usually to put in handsome chandeliers, or handsomer fireplaces, or additional shelving; and when his lease expires he may remove them, provided he does so before he surren-

ders the property; the house once surrendered, these things become the property of the owner.

Leases usually provide that a certain notice must be given that the lease will not be renewed. This time runs from three months' to thirty days' notice, and must be given by the party desiring to be *released*. Where houses are rented by the month, this notice is usually required thirty days in advance.

When a tenant is behind with his rent and the landlord desires him to quit the premises, he must first demand his rent, and when that is refused he must serve notice on him to leave. Sometimes the law runs that the notice cannot take effect until thirty days from the date the rent is due. It is then quite possible for a tenant to promise to pay, and postpone it until the middle of the month, and then decline to pay: the landlord must wait until the first of the next month to serve notice, and then the delinquent has thirty days. So if on September first his August rent was due the tenant could not be driven out until November first, and would have had three months' rent free. Poor tenants frequently take advantage of this, finding it cheaper to move often than to pay rent; and as such tenants rarely have much personal property they get off free. This is the usage according to common law, but the statute law of some states makes other requirements.

Sometimes a man refuses to leave when his rent is not paid, and then the landlord must dispossess him : to do this, he goes to the house and his men set the tenant's household goods out on the pavement. It is always wise for a landlord to consult a lawyer before doing this, because, if he should omit some legal technicality, he might be sued for damages. Some heart-rending scenes have occurred at such times, and the landlord appears in a very ugly light when misfortune fails to move his stony heart, and he refuses longer to give free shelter to the unfortunate tenant.

If a man has a lease for a year, even though the rent is payable by the month, and then vacates the premises before his lease has expired, and pays no more rent, the landlord may attach his goods and chattels for the money, after suing out a writ of attachment against him. In the parlance of the real-estate man, this is known as "jumping one's lease," and is practiced by the dishonest.

In renting space in a storage warehouse it is not merely space that is hired, but care of the property : for this reason storage companies make a careful list of the goods received and their condition on arrival at the warehouse, that no unjust claim for damage may rest against them.

In Paris, where the renting of furnished rooms has been made a fine art, the lessor takes note of

every scratch or ink-spot or defacement, and the lessee is expected to pay damages for the same. As a matter of caution, therefore, the prospective tenant should note carefully every such imperfection existing and point it out to the landlord before taking possession.

Movable property that is hired, whether it is fancy costumes or furniture, is expected to be returned in good condition, reasonable wear and tear excepted; and if lost while in one's possession must be paid for.

A man who hires a horse and buggy for a specified drive, at a specified price, is guilty before the law if he takes another and longer drive than he agreed to take. He has thereby acted as if he owned the property, has converted temporary possession into permanent; and this injustice the law calls *conversion,* and the livery man so endamaged could sue for the full value of the horse and carriage. Some young men think this a sharp trick to play, and often try it in the mountains; it is a pity the livery men do not oftener sue for the full damage.

So in these three ways does real property constitute wealth: it may be sold for more than it cost, it may be rented for more than its interest, it may be mortgaged to raise funds for productive enterprises. A man cannot give bail in court for himself or friend unless he has real property, that may be attached

in case the bond is forfeited; and, if unencumbered, real estate is esteemed good collateral for any loan.

Fortunes are made by wise investments in real estate located in districts where cities are growing up rapidly. The foundations of the Astor family's fortunes were laid by their wise investments in New York City land, and their rule never to sell any of it. With the growth of New York these lands have increased enormously in value, and are mostly leased for long terms. The Duke of Bedford owns immense districts in London, leased long ago on ninety-nine year leases; and now that these leases are expiring, many of the lots are in populous parts of the city and are covered with buildings, which of course revert to him.

At Atlantic City property has been gained by the action of the ocean, which in fifteen years has receded, leaving great stretches of beach: where a man's title read "to the ocean," he can claim all these extra hundred square feet; but if the property was on the ocean front, and was described as so many feet deep and so many wide, the owner has no "riparian rights," and finds himself shut out from the ocean front by the ocean's action. The running of a trolley-line may increase the value of property in a suburban district, but in the choice residence sections of a city sometimes it causes a depreciation of values on account of the noise. All of these

possibilities have to be taken into account in making investments in real property.

In renting property, the rent asked should be sufficient to pay the taxes and repairs, if the landlord assumes these, and also to yield a good return on the money locked up in the property. Some estimate this amount at ten per cent of the value of the property, and fix this as the minimum rent. The same causes that affect the value of lands for sale will, therefore, affect rents.

There are many conservatives who hold that land investments are the safest, saying, "No matter what happens, the land remains." Any one who knows the economic history of the South, in the days after the war, will not yield a very ready assent to this. The land remained, but so did the taxes ; the houses were there, but there was no money for repairs, no money to work the lands ; and many a fine old place went to briers and thorns and rack and ruin, because only the land remained.

Yet in spite of all these contingencies, a man realizes his wealth best when he can stand on his own territory and say, —

> I am monarch of all I survey,
> My right there is none to dispute.

In England and on the Continent the possession of land carries with it a certain amount of territorial

importance, which it does not here. The transfer of property is also attended with many more formalities and delays. Is it possible that it was after good Dr. Watts had been troubled over the transfer of property here, that he was inspired to write the hymn, —

> When I can read my title clear
> To mansions in the skies,
> I 'll bid farewell to every fear,
> And wipe my weeping eyes.

Any one who has ever touched real estate knows the satisfaction that comes, when, after long search and much vexation of spirit, he "can read his title clear"; and the hymn only sublimates that earthly satisfaction.

CHAPTER XVI

STOCKS AND BONDS

One of the chief disadvantages about money is that it must be cared for; as the old rhyme declares,—

> They who have money are troubled about it,
> They who have none are troubled without it.

Most people, however, are quite willing to have this sort of trouble laid upon them. None the less the judicious investment of money demands care and ability; for more fortunes are made and lost by investments than are made by work. The forms of investment yielding revenue are mainly of two sorts: real estate and personal property such as horses, cattle, or other live stock; or else stocks and bonds. We have already discussed real property; let us now examine these other forms of investments.

Stock is the amount of capital with which an association or corporation, or even a small partnership, proposes to do business. A company of men, three or more, want to manufacture something; they form a joint-stock company, or a corporation, according to the statutes of the state, and each subscribes for a certain amount of stock. They need one hundred thousand dollars, say; so they divide

the stock into one thousand shares at one hundred dollars ($100) each; and then if a man subscribes for fifty shares he pays five thousand dollars. Sometimes the amount subscribed for is not all paid in at once, although according to law it must all be subscribed before the company is formed. The company may need only fifty thousand dollars to start business, so each subscriber pays only fifty per cent of his subscription at first: as more money is needed, it is called for from the subscribers to the stock. This method has two advantages: the money does not lie idle in the company's hands, and the subscribers are not inconvenienced by having to pay it all at once. It often happens that only eighty per cent, or less, of the original subscriptions are called in; the profits, however, are divided every year as though the shares were all paid up: these divided profits are called *dividends*. So a man who has paid only four thousand dollars on his five thousand dollars' worth of stock receives a dividend of six or ten or twelve per cent on five thousand dollars.

When a man pays his installment on stock subscribed for, a certificate is issued to him, which states that John Doe has become the owner of so many shares of stock in such a company, shares valued at one hundred or at fifty dollars a share. Sometimes the stipulation is added that these

shares are not transferable unless such transfer is registered at the company's office.

Stock-issuing companies may be of two kinds: *joint-stock companies* and *corporations.*

Joint-stock companies are really partnerships, and every stockholder is a member of the firm, and liable for all the debts of the concern; although the managers are really the only ones who can do business for the company, that is, can buy and sell, or make contracts for the firm. Because of the responsibility of stockholders for debts incurred by the management, this form is not often used for companies.

"A corporation," according to the definition of Chief Justice John Marshall in 1819, "is an artificial being, indivisible, intangible, and existing only in contemplation of law." Yet when a body of people have combined their capital, and, having fulfilled all the legal requirements, request the state to incorporate them, the corporation so formed becomes, in the words of another lawyer, "a citizen of the state which chartered it and thus imparted to it the breath of life; it may take, hold, and transfer property; it may enter into contracts; it can commit civil wrongs; it can even be guilty of criminal offenses for which it may be indicted and punished; it has legal immortality."[1] Partners

[1] Francis M. Burdick, *Essentials of Business Law.*

die, and the partnership is thereby dissolved; but corporations have a continued existence so long as their capacity for making money is unimpaired, and often longer.

Stockholders in a corporation are not responsible for the debts of the corporation, and in case of the failure of the company, they lose only their investment in stock. In a joint-stock company their personal estates are liable for all debts of the company.

The stockholders manage the business by electing executive officers, who are supposed to carry out the policy agreed upon by the stockholders. Too often the stockholders are mere figure-heads, and sign over their right to vote to some one else; that is, they make him their *proxy* and give him power to vote for them. The party in power usually tries to secure as many proxies as possible, in order to hold a controlling number of votes at an election. The executive managers are, however, the only ones who can legally transact the company's business. It is an adage that "corporations have no souls," and this expresses the true fact that officers of a company will be harsher and more unscrupulous in their methods when doing business for a corporation than they will when transacting it for themselves as individuals.

Stocks may be of two kinds, *preferred* and *com-*

mon. On preferred stock the company agrees to pay a fixed rate of interest out of its earnings, before any dividends are paid on common stock. Common stock, therefore, receives only the dividends which the directors may choose to declare. This fact usually gives preferred stock a higher market value than the common stock reaches.

There are two forms of cheating the public in stocks. A company may be *overcapitalized*, as the big Steel Trust was; that is to say, its capital stock may consist of one million dollars, according to the prospectus, but of this amount the organizers, or those in "the ring," may take half for themselves, without paying for it, and offer the rest for sale in the market; from the sale of this portion they obtain the capital necessary to do business. But when the dividends are declared, the profits are divided equally between those who paid for their shares and those who took them. Thus the earning power of a business is double-taxed to meet the demand.

The other form of dishonesty is popularly known as "watering the stock," and consists in issuing a fresh series of stock, on a pretended necessity of more money for the business. Most of this new issue will be bought up at a low figure by those in the scheme, and it will divide the profits with the old stock. Many a conservative company, whose

stock was once a good investment, has been wrecked by the burden of interest on invisible capital, thus laid upon it. In states where the law requires corporations to turn over to the state all profits in excess of a certain percentage, stocks are "watered" to avoid such profit-sharing. A company with a capital of one million dollars, earning twelve per cent a year in a state allowing only six per cent profit, rather than share its surplus as the law requires, will double its capital, thereby apparently halving its profits; but as the original stockholders get the new issue, it is only the state that loses.

A good interest-bearing stock is called a "gilt-edged investment," and has a firm value. The real value of a stock in the market depends upon the interest it pays, and the amount of stock the company has issued. Its cost may depend upon the fluctuations of the stock-market; these we shall consider later.

Bonds differ from stocks in that bondholders have no voice in the management of the affairs of the company. Bonds are simply promissory notes issued on a large scale either by a government or by private corporations; in the latter case they are secured by a mortgage on its property; they bear a stated rate of interest, and are payable at a definite period. They are issued by cities for

municipal improvements; by governments, to raise revenues for wars or running expenses or improvements; by great corporations, like railroads and trusts, for improvements and the extension of business facilities. They are really huge loans, and a bond issue is handled by bankers, who buy it in bulk from the issuers, and sell it in detail to smaller investors. The bonds of a corporation have the first claim upon its assets in case of bankruptcy, and must be paid before the stockholders can realize anything from their shares of stock.

The interest is payable either quarterly or semi-annually; and many bonds bear, besides the main promise to pay, signed by the officials issuing the loan, a number of small engraved slips, called coupons, from the French *couper*, to cut, because they may be cut off and presented when the interest is due. Any bank will collect these for its depositors; and the interest on such bonds will not be paid unless these coupons are presented. Another class of bonds do not have coupons, but are registered in the owner's name at the office of the corporation issuing them; and checks for the interest are sent from the office directly to the holder.

Bonds are the most convenient form for borrowing money; and cities are usually restricted by law from issuing bonds beyond a certain amount; our own government is likewise restricted. It is felt to

be unfair to saddle the next generation with too great a load : for bonds usually run for long terms, sometimes forty years. The greater the credit of the issuer, the lower the rate of interest which he offers. Our own last issue of bonds, that of 1898, bore only three per cent interest, yet sold at 110. Turkish and Russian government bonds pay high rates of interest, and do not sell at par.

Par means the face value of the bond or stock. If that is stated to be one hundred dollars, then par is one hundred dollars, and ninety-seven dollars for a share would be below par, while one hundred and five dollars would be above par. In the language of the stock exchange these values would be indicated by 97 and 105 respectively. If bonds or stock are below par, say at 95, one can buy ten thousand dollars' worth for nine thousand five hundred dollars ; and yet will receive interest on the face value. If a bond is quoted at 110, he must pay eleven thousand dollars for ten thousand dollars' worth. Hence people watch the markets, to buy good securities when they are low, and sell them when they are high. Since the value of an investment consists in the interest which it pays on the money represented by it, it is plain that a bond or share of stock that pays five per cent may really be more or less valuable than that. The purchaser who pays ninety-five hundred for ten thousand

dollars' worth of stock bearing five per cent interest, and receives five hundred dollars as interest, really gets five hundred dollars interest on ninety-five hundred dollars, or nearly five and one third per cent on his actual investment; while he who pays eleven thousand dollars and gets only five hundred dollars as interest receives really only a trifle over four and a half per cent. This is the way men ascertain the real value of an investment, — the actual percentage returned by the actual investment. The price bonds command in the market depends, therefore, primarily on the rate of interest they bear, and the credit of the issuer. Since bonds are promissory notes, they are of little or no value after the bankruptcy of the corporation or government issuing them. Many people learned this to their sorrow at the fall of the Confederate Government in 1865.

Bonds and stocks are usually exchanged and sold by men known as brokers, who charge a small commission for the transaction. As a regular business most of this buying and selling is done on the floor of the Stock Exchange. Here it is not simple value that counts, but the old rule of supply and demand: what everybody wants is high, what everybody discards is cheap. So the men who hold stock, and want to sell, try to create in the minds of others a desire to buy; this is sometimes done by

tricks and dishonest devices. The death of a sovereign or the outbreak of a war will depress the securities of the government concerned, and others will sympathize with their decline. A rumored dividend will advance the price of the stocks concerned. The men who are trying to raise prices are called *bulls;* those who are trying to lower them are *bears.* Sometimes the bulls will buy a lot of stock, and keep on buying until enough other people have caught the fever and are buying at high prices: then the bulls quietly "unload," or sell off their stock. As soon as the fictitious demand ceases, the price drops, and the poor "lambs," as the uninitiated are called, are shorn of their fleece, and find themselves with unsalable stocks on their hands. If they have purchased the stock outright, and it is really a good stock, they do not suffer much. But if they simply hold title on a *margin,* a great drop in the price will spell bankruptcy.

To purchase on a margin is really *speculating,* — some call it gambling, — for no real property changes hands. A man goes to his broker and says, "Buy me an option on fifty shares of such a stock at 90," and pays a small amount of the value required, usually about ten per cent, the broker advancing the rest. The next day the stock drops to 85, and then he must pay the broker the five per cent difference, to "keep up his margin," as the phrase goes. The

stock continues to drop, and as he held options on a great deal more stock than he could pay for, he is presently a bankrupt. If, on the other hand, the price rises, he makes money ; for if he chooses to sell out, the broker will pay him the difference between his margin price and the present market price, less the broker's commission and the interest on the ninety per cent loaned by the broker at first. The man has speculated as to the rise and fall of values. Fortunes are made in this way, but many more are lost : the losers keep silence, the winners are advertised.

A *panic* on the market may be caused by the most unforeseen things ; and once confidence is destroyed, men become frightened and forget their discretion ; fear is quickly communicated, and men are seized with a desire to sell, and throw away their holdings for almost nothing. Those who remain cool, and have money, promptly buy the really valuable stocks, and then, when confidence is restored and prices rise, they can sell them at a handsome profit.

Wall Street in New York City is the greatest stock market in the United States ; London's Stock Exchange represents England, and the Bourses in Paris, Brussels, and Berlin stand for their respective countries. These are the great financial centres ; and a panic in one affects the others also, because the stocks of several countries are traded in at all of these exchanges.

Ever since the French Revolution taught European sovereigns how slight was their tenure of kingship, if a people disapproved, and the sad straits of dispossessed royalty in exile became known to the world, they have all adopted the fashion of investing large amounts from their private revenues in the stocks and bonds of other countries. Because the stability of the English government and the law-abiding character of her people render the chance of revolution there very slight, English government bonds are a favorite form of such investment; and these securities are kept for them in the vaults of the Bank of England. Then, if revolution comes, and they can escape with their lives, they will not be penniless.

Bonds and stocks are convenient forms of investment for many reasons. They are portable, they may be readily sold, and usually they furnish a convenient form of collateral, or security to a bank for a loan; and their safe keeping occupies small space and demands little care. When bonds are given as collateral for a note, they are usually pinned to the note; and when the note is paid they are returned, bearing pin-holes, of course. So it is a picturesque description of a man's wealth when it is declared of him, that his strong-box is full of "gilt-edged securities without pin-holes." Stocks and bonds are personal property, and should be honestly returned for taxes.

Before closing this subject, let us recapitulate its main points.

Stocks are shares in the capital of a company, and produce *dividends*.

Bonds are promissory notes issued by governments or corporations, and bear *interest*.

Stockholders may be liable for the debts of a corporation, or only for the value of their own shares, according to the form of the corporation.

Bondholders have claims upon the property of the organization issuing the bonds.

These issues of bonds sometimes lead to international complications. A country may issue bonds for its indebtedness, and it may happen that most of them become the property of foreign capitalists. It may also happen that, because of her impaired credit, as is the case with most of the Central and South American states, she may not receive more than nine hundred thousand dollars for a million-dollar issue of bonds: nevertheless, interest must be paid on the full face value, and the full amount must be paid at maturity. If she fails to do so, the governments whose citizens hold these bonds land warships on her coasts, seize the customhouses, and appropriate the revenues therefrom until the foreign debt is all paid. It was the effort of European creditors, or bondholders, to collect their debts by such means that led to the Venezuelan and San

Domingan complications. For the United States could not contemplate armed European forces on this continent without protest, and announced that the Monroe Doctrine would be enforced, unless these and other claims were submitted to arbitration.

Since revolution in the debtor country has frequently followed this violence by the creditor nations, superinduced by the bankruptcy thus precipitated, the question came before the Hague Peace Conference of the Powers. The resolution which was finally adopted declares that force shall not be used in the collection of debts by civilized nations. As the resolution was introduced by Dr. Drago of the Argentine Republic, it is called "the Drago Doctrine."

Two expressions which are frequently heard derive their significance from the stock market. "I take no stock in it," means that the speaker places no value on the statement, the affair, or the enterprise, as the case may be: he is in no way a sharer in it. When we say that "the man's word is as good as his bond," we mean that his simple promise is as good as a written promise to pay accompanied by a guarantee, which the law would enforce: and though couched in the phraseology of the stock market, it is a worthy tribute to any man or woman.

CHAPTER XVII

WILLS AND ESTATES

Men dying make their wills,
  Their wives escape a task so sad;
Why should they make what, all their lives,
  The gentle dames have had?

So runs the old rhyme dating, doubtless, from the time when married women could not legally make wills. Recent legislation has changed this in most of the states, however, so that the same reasons that make it wise for a man to make a will are operative upon the woman also.

Some men seem to think that to make a will is to invite the Death Angel; whereas it is the only way in which their legal personality can be projected into the future, and the property which has been theirs can be bestowed upon, and enjoyed by, those whom they love or to whom they are under obligations. For if a man dies without making a will, he dies *intestate*, and the law then dictates how his property shall be divided; and often makes of it a distribution which is far removed from the affections of the former owner. In some states, moreover, the state takes ten per cent of the estate

of a man who dies intestate, and so lessens the sum for division among his legal heirs or next of kin.

Who are the heirs? who are the next of kin? Frequently the same people. A man's wife is not his heir, nor is a man the heir of his wife; so if either dies intestate, the law provides that he or she shall receive a certain fixed portion of the estate, usually a third. The heirs inherit real property or estate, and the title passes to them as soon as the owner dies; while the next of kin, who receive the personal property of the deceased, receive it only after an administrator, appointed by the court, has paid the debts against the estate. The heirs and next of kin are: first children, then parents, then sisters and brothers, and then cousins; there is a difference in the order of inheritance in some states.

The court is not obliged to appoint a friend of the deceased as administrator, and some tragic possibilities lie in this fact; for most of a man's wealth may be personal property,— jewels, stocks, bonds, and such things. So, if a man wishes to have his property unevenly divided among his heirs, or to remember a friend, or to make special provision for any one who would not inherit under the law, he should make his will.

The old form used to distinguish between a will, whereby real estate was *devised*, and a testament, which *bequeathed* personal property; but the usual

form for the document now reads, *will and testament.*

In most states a boy at eighteen, and a girl at sixteen, may legally bequeath their personal property by *testament;* but to make a valid *will,* the man must be twenty-one, and the woman eighteen or twenty-one years old, according as the state has fixed the age of majority. If a man marries after he has made a will, it is not thereby invalidated, or made of no value, unless a child is born : that event makes it of no effect, because the child as heir has first claim. But if a woman marries after making her will, that act alone invalidates her disposition of her estate. This law is based on the old social theory, that by marriage the man and wife became one person legally. While the theory has changed, and also some practices dependent upon it, this fact is unchanged. The wise man or woman, therefore, will make a new will after every such important event in life.

It is usually the part of wisdom to have a lawyer draw up one's will ; for while a man may be perfectly competent to draw up his own, he may use phrases to which the law attaches a special meaning of which he was ignorant, and which may alter the disposition of his property. For instance, a man might say, "I give, devise, and bequeath to my daughter Mary ten thousand dollars" ; and intend an absolute gift : in law he has only given her a

life-interest. He should have said, "to my daughter Mary and her heirs forever," or "to my daughter Mary in fee simple." A home-made will should employ the simplest phraseology possible.

Wills are usually written by hand on legal paper, though sometimes nowadays they are typewritten; but as it is easier to commit fraud by typewriting, the practice is discouraged.

One of Rider Haggard's stories is called "Mr. Meeson's Will," and is a tale of a shipwreck. Among the boatload of passengers who reach a desolate island, are the rich uncle of the poor nephew, and the girl to whom the nephew is engaged. The uncle desires to make his will, leaving his property to said nephew, because on the voyage he has acquired such respect for the young lady. But in the hurry of leaving the ship, nobody has provided himself with pen and ink and paper; and as they have all properly clad themselves in woolen, there are no writing materials. The situation grows critical, for Mr. Meeson is dying from his injuries. The fair young woman has a happy inspiration: the will shall be tattooed on her shoulders! So a sailor whittles a stick to a sharp point and concocts an ink from something he finds on the island, and on this novel parchment tattooes the few, short sentences in which Mr. Meeson devises and bequeaths all his property to his nephew. It is duly witnessed, and

the dying man's mark affixed to it. The party is rescued later and brought to England.

Now the law requires that all wills must be taken to the Surrogate's Court, or the Probate Court, as it is called in some places, or to some specially designated office ; and there the judge endeavors to ascertain if this instrument is really the last will of the man, if it is properly executed, is genuine, and has fulfilled all the requirements of the law. While this inquiry is in progress, the will is in the keeping of the court. In the story above mentioned, the young woman exhibits her shoulders in court, that the will may be read ; but she cannot be confined in the musty safe where the wills are ordinarily kept ; so, by special permission of the court, her shoulders are photographed, and the plate and the photograph are kept locked up. Eventually the strange will was declared valid, and the heroine thus wins the fortune for her hero.

Why was this a valid will? Let us examine it critically.

It contained the testator's name, since it began, "I, Jacob Meeson of London, England" ; (2) it was *dated* from the island ; (3) it was *signed* in the presence of the requisite number of competent witnesses ; and (4) it contained no erasures or interlineations ; (5) it had been properly *executed,* that is to say, the testator, as the maker of a will is called,

had signed it, or made his mark (×) in the presence of witnesses, to whom he had declared that it was his will, thus (6) *publishing* it, according to the law's meaning; and it was (7) *attested* or signed also by the witnesses, of whom there must always be two, and in some states three, to make attestation sufficient. It is said that George Washington signed his name to every sheet of his will, in order to protect it from fraud.

To illustrate some other curious forms of wills, I quote the following passage from George A. Gardner's "Handbook on Wills."

"So a letter written by a testator to a friend, authorizing him to take charge and dispose of the testator's property, and to sell and convey the same as his executor, properly attested, sufficiently evidences the testator's intention to dispose of his property, and may be probated as a will. . . . The following letter, written before going to sea, was held to be a valid will: 'A thousand accidents may occur to me which might deprive my sisters of that protection which it would be my study to afford; and in that event I must beg that you will attend to putting them in possession of two thirds of what I may be worth, appropriating one third to Miss C——, in any manner that may appear most proper.'

"On the back of a business letter the testator

had written: 'Ann: after my death you are to have forty thousand dollars; this you are to have will, or no will, take care of this until my death.' This was directed to Eliza Ann Byers, and secured the property for her. So instruments in the form of marriage-settlements, drafts on bankers, receipts for stock, and bills endorsed, 'for A. B.' and checks and stubs in a check-book, have been held to be testamentary."

The probate of a will is an important proceeding. Soon after death has occurred, the will is taken to the Probate Court, — "is presented for probate," the phrase runs; notice of this fact is given in the papers for two or three weeks; then, at a special time, the executor named in the will — or if that has been omitted, the administrator appointed by the court — and the witnesses to the will appear, and answer the judge's questions: if they knew the testator, if this was his signature, and if he was of sound mind? If these questions are satisfactorily answered, the will is probated, and the executor proceeds to perform his duty. It is at this time that a protest must be made if the will is to be contested. After probate the will is recorded, and may be seen by any one.

But even when a will has been made, a man cannot be sure of having his own way about the disposition of his property, if in the document he has

run contrary to the exceptions and directions of the law. A man may not cut his son or daughter off from his estate in case he or she marries, for that is against public policy; he may make his child forfeit the share upon marriage to a specified person, however, since he is not thereby restricted from marrying at all. And a man is bound to leave something to each of his children, no matter how little. If he omits the name of one in his will, the law will allow the unmentioned child to share equally with his brothers and sisters; the theory being that he was forgotten. Hence the custom of mentioning the child and giving him only a pittance; in England the sum is usually a shilling. The heir may be "cut off with a shilling" from any claim on his father's fortune. In some states a man cannot will away from his widow more than two thirds of his estate, nor can a wife deprive her husband of an equal share. The laws differ widely in different states.

If it can be proved that a man was of unsound mind when his will was made, it can be broken; or if the disappointed ones can prove that he was unduly influenced in his bequests; or if a witness to the will is a beneficiary under its provisions, it may be broken in so far as the witness's interest is concerned, and the property distributed according to law. Sometimes the law restricts a man from

giving all his property to corporations, or from tying up his property, or limiting, beyond a fixed period, the power of the one to whom he gives it to dispose of it "as he sees fit." This practically forbids the entailing of estates beyond the second generation.

In England some estates are entailed, so that they pass without a will from father to son or to the nearest male heir as the case may be, and cannot be willed away from the heir, or sold; the owner is a life-tenant only. If for any reason the property must be sold, then the holder and all the direct heirs must unite in cutting off the entail.

There are some other allowable conditions, however. A man may leave his property to his wife, "so long as she is my widow." A large bequest of eighty thousand dollars was left to a church which had an old-fashioned pulpit fourteen feet high, on condition that the pulpit should never be lowered. Subsequently the church was destroyed by fire; but the new one had to be built on the old lines, with a similar pulpit, in order to keep the legacy.

Ordinarily any one may witness a will, provided he is of sound mind; but the Louisiana law forbids a woman to witness a will. A witness must not be named in the will, and he should give his address below his signature, so that he may be easily found.

The *executor* is the man, the *executrix* the woman, named in the will, to carry out the provisions of

the will. Unless the testator or testatrix expressly states to the contrary, he or she must give bonds for the faithful performance of his trust; he is entitled to all expenses incurred and to a certain percentage on the amount handled In some states a married woman may not act as executrix. A man's funeral expenses and doctor's bills constitute a charge upon the estate, and must be paid before any division of property is made. All debts, in fact, must be paid first; and if a man's estate is not sufficient to meet his debts, owing sometimes to mismanagement by incompetent executors, it is declared to be *insolvent.*

An inventory of all the personal property of the deceased is usually filed with the will. If it has not been made beforehand, the executor must have one made immediately and swear to its accuracy. As the court will hold the executor to strict account for the disposition of the properties mentioned in the inventory, the values are usually put very low, so that if sold the items would certainly bring the price affixed. In some states real estate is not reported until sold.

No property can be sold, no bills paid, nor can the bank account of the deceased be touched, until the executor has qualified after the probate of the will. Sometimes this is very embarrassing; there may be thousands in the bank, and yet the widow or heirs

cannot touch a cent even for the necessaries of life, until the legal formalities have been complied with.

It is the duty of the executor to collect all debts due the estate as promptly as possible, and to pay all just claims against the estate. A notice to creditors is inserted in the daily papers requesting them to present their claims, properly attested, within the time prescribed by law, usually six or nine months, or payment thereon will be refused. If the executor is not a resident of the place, these bills must all be accompanied by a sworn statement of their accuracy.

The executor is not obliged to carry out personal contracts entered into by the deceased, for death terminates such contracts: even servant's wages cannot be collected from the estate under the law of contract, but must be presented as claims.

Before an executor can touch the bank account of the deceased, he must present his credentials to the bank; these consist of a statement from the Surrogate, under his seal, that the individual mentioned in the document is the properly qualified executor of the person in whose name the account stands. Checks that may be presented after the death of the drawer, although bearing his recognized signature, will not be cashed by the bank unless it is specifically requested to do so by the executor, who thus assumes the risk of their validity.

It is well for any executor to have the advice of

a good lawyer in arranging these preliminaries of his executorship; he may thus avoid trouble for himself afterwards, for the heirs may call an executor to account within twenty-one years after the discharge of his office.

Sometimes property is left to trustees for the benefit of the widow, the children, grandchildren, or other heirs; and this is usually a very wise provision; but every such trust should state explicitly what disposition is to be made of the fund at the death of the beneficiary.

After a will has been made, a man sometimes desires to alter it in some particular; so he adds a *codicil*, as it is called. This is really a postscript to a will, and is used where a person desires to change a will without making a new one. It must be signed, dated, and witnessed just as a will would be. Frequently the main dispositions of a will are quite reversed by the codicil.

Formerly a valid will could be made *orally;* but now that privilege is limited to soldiers and sailors in actual service, who have not time or opportunity to make a written will. Such an unwritten will is called a *nuncupative will*, and should be made before two witnesses. "It is valid only for personal property, not for real estate."[1]

Frauds in connection with wills are many. The

[1] Gardner, *loc. cit.*

will probated must be the last one made; and sometimes, when an earlier will was more favorable to a certain heir, the later one has been iniquitously destroyed. Sometimes a sick man is coerced into signing a will written for him; sometimes "to save his soul," he is urged to give most of his property to the church. It is a fruitful theme for novelists; for the distribution of property may hang on slender threads. A curious case happened some time ago: a man and his wife had made their wills in such a way that each was sole heir to the other. They were both killed in an automobile accident; and it took a lawsuit to determine which died first. If the husband had died first, then the property was all the wife's and went to her heirs and next of kin; if the wife had died first, then the husband had inherited and the estate went to his heirs and next of kin.

In conclusion, the safest advice is this: consult a good lawyer and make your will, remembering all who have a claim upon you; naming an executor, who is capable and honest; then put the will in a safe place where it will not be tampered with; and then, having disposed of your financial affairs,—

> So live, that when thy summons comes to join
> The innumerable caravan that moves
> To that mysterious realm, where each shall take
> His chamber in the silent halls of death,
> Thou go not, like the quarry slave at night

Scourged to his dungeon, but, sustained and soothed
By an unfaltering trust, approach thy grave
Like one who wraps the drapery of his couch
About him, and lies down to pleasant dreams.
("Thanatopsis," William Cullen Bryant.)

CHAPTER XVIII

FUNDAMENTALS OF BUSINESS

Thus far we have considered the methods and systems of conducting business, the responsibility for our acts, and the dangers to be avoided. But all of these presuppose certain principles as fundamental, certain individual qualifications, which are the necessary foundations for any successful business. These qualifications may be briefly classified under ethics and habits. Upon the possession of correct habits in business a man's financial success depends; and upon his ethics, — the moral motives for his actions, — it depends whether or not he shall "so pass through things temporal that he finally lose not the things eternal."

Let us consider first the ethics of business. David Harum's mercantile version of the Golden Rule, "Do unto the other fellow as he 'd like to do unto you, and do it first," — is the rule of many men and women in business to-day. There are in vogue two codes which may be distinguished as Bible Ethics and Business Ethics, so that the old terms no longer mean the same thing to every man. Honesty, for instance, is differentiated into *plain*

honesty and *law honesty*, the former indicating that manner of dealing in which a man will not touch what is not his, will not take advantage of his neighbor's ignorance or weakness to overcharge him, and which renders fair service for value received. The latter term means to profit by every quibble of law to get an unfair advantage over one's neighbor; to cheat and deceive him, to give things false names and falser appearances, just so far as it can safely be done without laying one under penalty of the law for fraud, perjury, or kindred crimes. As a distinguished gentleman has recently said, "Honesty that is merely honesty because it is the best policy, is not honesty at all."

Honor is another term common to both codes. The dictionary declares that "honor is a nice sense of what is right, — or conformity to accepted rules of conduct." Now, what is really meant by the phrase, "a man of honor"? Honor requires a man to have such a high regard for his promise, whether it involves a financial or social obligation, that it may be said of him, "His word is as good as his bond." Honor forbids a man to avail himself of a legal technicality to avoid just obligations; a debt of his is never outlawed, although unfortunate circumstances may postpone its payment past the legal time for pressing it. Honor is one of the essential ingredients of a good reputation; for the

man of honor no slur must attach to anything that is his, whether it be his family or that which he undertakes to do or to guard; it holds him to the faithful performance of every trust, every duty, even those that are his only by implication. It is a flower of the old chivalry, which had its roots in the ethics taught by the old Hebrew sage who declared that "a good name is rather to be chosen than great riches."

In his story of "The Wreckers" Stevenson puts a discussion about honesty into the mouths of Jim Pinkerton and Loudon Dodd, Pinkerton representing ordinary "law honesty," and Dodd the honesty of a man of honor. Dodd finally closes his argument with these words: "You seem to think honesty as simple as blind-man's buff. It 's a more delicate affair than that; delicate as any art." And like art it must be studied and habitually practiced to be fully understood. Since a fine sense of honor and a nice sense of honesty are not acquired nor lost in a day, let us look for a moment at some things of common parlance, and see their real standing.

Children on the streets and at school sing among themselves a rhyme, —

> Finders keepers,
> Losers weepers, —

and think it a sufficient justification for keeping things they may have found, even when they know

the real owners. It is a vicious principle, that if unchecked will bear fruit in later life in fraud and dishonesty; it had its origin, doubtless, in those times which followed —

> the good old plan,
> That they should get who have the power,
> And they should keep who can.

"Get-rich-quick" propositions are specious schemes whereby one invests a small sum, and is to receive exorbitant returns for the investment. All sorts of wild plans to achieve this end have had their dupes, since the days when the South Sea Bubble collapsed and wrecked a ministry as well as the private fortunes of two continents.

Is it honesty that falsifies assets in order to deceive investors? that leaves money in the treasury when a party goes out of power in the town, loudly proclaiming its prosperous policy, yet leaving in the pigeon-holes bills much in excess of any available funds?

What shall we say of dealers whose advertisements exhaust the vocabulary of descriptive adjectives, and who present to the customer allured by them something entirely unfit for such description? The justification offered for the falsehood is that "it 's good business" to get people there by any means, for then they will buy something else. The concealment of known defects, of the rotten place

under the paint, are all sins that result from such a code for business. It is as true now as it was in Ben Sira's day, who records in Ecclesiasticus as the result of a long experience and much observation in Babylon and elsewhere, that —

> A merchant shall hardly keep himself from doing wrong;
> And an huckster shall not be freed from sin.
> Many have sinned for a small matter;
> And he that seeketh for abundance will turn his eyes away.
> As a nail sticketh fast between the joinings of the stones;
> So doth sin stick close between buying and selling.
> (Ecclesiasticus, xxvi, 30; xxvii, 1, 2.)

There are struggling newspapers and magazines which insert advertisements of reputable houses, unauthorized by them, and for which they do not pay, merely to fill their own pages and give them a standing in the advertising world. There are other papers which send gratuitous copies to prominent people, then claim them as subscribers, and use them as a bait to allure others. Is all this honest?

So much for business morals. But under it all there is a moral sense in the community which demands that a man doing business shall be fair in his dealings, that he may be depended upon not to cheat his customers or clients; that he shall pay his debts, and keep his contracts, and stick to his bargains. These ethical qualifications for business are equally necessary for transactions in the com-

mercial mart, or in the circle of social intercourse and fancy fairs and bazars.

There are certain habits which are fundamental to the successful transaction of business. First and foremost is a careful attention to the matter in hand. We have all seen women stop in the midst of business transactions to gossip with a friend, while the other party waits; or have known men at a board meeting to digress from the subject under discussion and waste the time of the others. Plainness of statement, strict attention to the subject, the elimination of superfluous words or items, fairness to others in word and act, patience and perseverance that drive the matter to a conclusion, and such attention to details that no unfinished ends are left to mar the completeness of the work, — these should all be included in the ideal of the man or woman who aims to acquire correct business habits.

Another requisite for success is neither a habit nor strictly speaking an ethical requirement; for it is by education and training that one acquires *a sense of values.* This is an important possession, and most necessary to have if one is to dodge "gold-brick schemes," specious advertising, and bad bargains generally.

The economists declare that "value is power in exchange," or to put it more simply, the commer-

cial value of a thing is simply what we can procure with it. When buying things, it is well to remember what one is giving in exchange for what one is getting. The price paid always includes the labor of production and the profits as well. Now if the price asked is manifestly below what all these considerations should total, it is evident that one should be wary. It is a safe rule to assume that an extremely low price for a good article usually implies that somewhere along the line of its travels, from raw material to finished product on the shop counter, some one has been cheated, or defrauded of the just reward due for labor or compensation for material furnished. There are real instances of bargains, sometimes based on the forced sales of bankruptcy ; but usually the rule holds that value must be given for value.

Value is determined by many things : the cost of a thing in labor and raw materials ; the distance it must travel to reach the point where it is wanted ; the number of people through whose hands it passes from consumer to producer ; its scarcity, for according to the great law of supply and demand, the price is high when demand exceeds supply, and *vice versa ;* the fresh or soiled condition of the goods, the situation of the place where they are sold, and the elegance of the shop-appointments, all go to make the cost of the articles. If all these facts were con-

sidered, people would less frequently travel an hour by trolley to save a cent a yard.

In buying mines or stocks the real value is determined by the difference between the price paid for the property, the expenses of operation, and the money received for the product, or earned by the railroad. These considerations do not include the artificially created prices of stock-exchange speculation.

Another way of ascertaining values, or estimating the real cost of a thing, is to reduce the price to a percentage of one's income. Suppose a man earns a hundred and fifty dollars a month. He wishes to take a friend to the opera; tickets, carriages, flowers, and supper will make thirty dollars disappear rapidly; that is to say, he will squander for one evening's pleasure the product of six days' work. Will it be worth that to him? Every time he spends eighteen dollars he spends one per cent of his income. Or take the case of a girl who has an allowance of six hundred dollars a year for clothes. Fifteen dollars seems a small amount to pay for a hat, but when she has bought it, two and a half per cent of her allowance has gone; and the other ninety-seven and a half per cent must buy gowns and shoes and gloves and coats and furs and underwear and etceteras, and more hats! Will it suffice? If more people acquired this good business habit of putting values

into percentages, they would be less reckless about their expenditures for clothes. For the business man, when a proposition is submitted to him, says, "Let me see first what per cent that will yield upon the investment."

There is an unwritten law in business whose basis is loyalty. It is assumed that a man will not betray his employer's interests; that he will be discreet enough not to discuss his affairs with every gossip; and that any secrets of his employer which may come to his knowledge will be jealously guarded — and that, too, without any specific request on the part of the employer. The same principles hold for directors of corporations, or for any persons in positions of trust; the assumption is that they will not betray their trust. The recent case where a private secretary sold to a sensational newspaper a letter his employer had dictated to him, was a base betrayal of confidence and was justly stigmatized; no man of honor would have done such a thing.

Another essential element to success in business is the way of doing it. Do manners pay? are they worth anything to a business man or woman? Do the little courtesies and amenities of social intercourse fail of effect, or are they out of place in the transactions of every-day business? These questions are not often asked directly, but they are implied by the attitude of all those who do business. One

might answer them all by one counter-question. Is a man or a woman less of a human being by reason of his occupation? and if these things tend to reduce friction and to make intercourse more easy elsewhere, why should they be debarred from the counting-house, the shop, the factory, the market, or the railroad station? The man with a poor article to sell, or a fraud to perpetrate, is always suave, because he knows that pleasant manners gain attention and avert too close inspection of his goods or schemes. Some people seem to think that because knaves are polite, honest people should be curmudgeons. This is manifestly an incorrect attitude; for courteous roguery is successful, while worth that is churlish fails of its due recognition. Why then should we leave a courteous business manner to be the valuable asset of rogues?

Any business transaction implies at least two parties, the other person and yourself; or, as the legal phrase runs, the party of the first part and the party of the second part. No matter what the specific case under consideration may be, such transaction is fundamentally to bring the parties into agreement about that thing. Now, if there is unwillingness on the part of one person, will bluntness or rudeness on the part of the other make him willing? A small child will tease cunningly for what he wants; his elders are most successful when they seek to ob-

tain what they want by equal persistence and equal charm of manner.

Courtesy is contagious, and if one's bearing be courteous the veriest boor will respond to it in some sort; and will be ashamed to return incivility for civility.

There is a story told of a poor woman who worked by the day in several nice families, and who taught her children the courtesies she observed at these houses; because, as she explained to her carping neighbors, the children had their living to earn, and it would help them to better positions if they had "nice manners." There are many men and women whose pleasant manners are regarded by their employers as valuable assets, and whose small faults are overlooked for the sake of these graces.

A recent issue of a prominent trade journal gave this advice to its readers: "Don't start in this fall with a single salesman or other employee that comes in contact with customers, who is cranky, cross, and disagreeable. That class of man never did pay, and he never will."

There are people who seem always to assume at the outset that everybody is intending to cheat them. And while it is undoubtedly true that one must be always on the alert to guard against such a contingency, still it is never necessary to express it in manner: it is better to assume that the other party

is honest and to act courteously; the assumption will often be made good. Suppose, for instance, that one has been overcharged on a bill: to secure justice it is not necessary to storm and call the man a cheat. Just remember that he is human and liable to error, and give him the benefit of the doubt. There are nine chances to one that it was an error; and if it should prove to be the tenth chance and the mistake was made purposely, your courtesy has given the man a plausible apology for his intended dishonesty, and he will probably rectify his "mistake."

The Chinese are very sensitive about such matters. Dr. Arthur Brown tells the following story. A gentleman in China, who had missed many articles from his possessions, finally found them in the servant's trunk. Did he openly charge the servant with stealing? Oh, no! He called the man to him and said, "John, some enemy of yours has been at work and put these things of mine in your trunk. Now this must n't happen again; you must settle with that enemy, so that he will not do so any more." John assented gravely, and the stealing stopped; but by using this roundabout method of dealing with John, the employer had "saved his face," as the Chinese say, so that he could retain his situation without loss of his self-respect.

Part of one's business relations is connected

with the house, for we have seen that servants stand in a business relation to their employers; and every observant person knows that courtesy lends wings to otherwise tardy feet, and, like a lubricating oil, makes the wheels of the domestic machinery run smoothly. There are people who so radiate courtesy that their presence is like sunshine ; and they leave good-nature in their wake, so that one may trace their path by the smiles that follow them. The man or woman who has sufficient self-control to remember to say "good-morning," even when pressed with business, may safely be relied on for cool-headedness in emergencies ; for such a state of mind indicates poise.

The courteous way of shopping implies consideration for the other party to the business. If the salesman has been put to some trouble to show goods, and no sale has been made because they did not suit, it is a very simple return to thank him for his trouble. It is never desirable to haggle over the price of any article. In any respectable store in America the price is fixed ; and if one does not like it one may decline to buy. It is absolutely out of place to storm about "the perfectly exorbitant price" to the tradesman, for there is no compulsion exercised to make one purchase at that place, and it is easy to go elsewhere.

On the other side of the counter there is need

of courtesy too, and the best stores will not tolerate anything else, nor allow saleswomen to carry on conversations with each other while apparently serving customers. A desire to serve, and to do so without comment, or discrimination in manner between the large and the small purchaser, is the ideal for the salesman or saleswoman.

In writing business letters, some people seem to think that the more peremptory the tone the more businesslike is the style. This is far from the case. A business letter should be courteous in tone, and explicit in its statements. Time spent in the polite expression of one's wants is not time wasted, and helps rather than hinders in reaching the desired result.

Foreigners doing business are much more careful in this regard than many of us are; and they still retain the forms and expressions of profound respect and politeness which we have largely forgotten. Letters received by them are still "esteemed favors," and the firm is often described as "your respectful and obedient servants." It is a more circuitous fashion, but it promotes better feeling than some of our curt business letters do. Our best business firms are most particular about the tone of their letters. It is true here also that courtesy brings courtesy in return ; and a firm is always more willing to serve a customer who is courteous than one who is not.

In traveling also there is the same need of courtesy toward those with whom one has to deal, whoever they may be; and there are many times and places, especially here in America, in parts uncorrupted by European habits, where courtesy will obtain more than "tips." A recognition of common humanity and dependence must underlie such behavior, for "politeness is the outward garment of good-will."

Another rule for the safe and prompt transaction of business is to take so much trouble in preparing matters that it may be as easy as possible for the other party to coöperate with you. People are generally lazy, and if a path is already opened they are more apt to follow it.

It is well to remember that discourtesy hurts no one so much as the man who is guilty of it; for not only does it injure his own character, but it lowers him in the estimation of all who witness it. The business man who is polite only to his superiors, as he deems them, will some day fall into the trap of mistaken identity. Courtesy pays, not only in coin but in character; and the more modern rendering of the beatitude is not, "Blessed are the meek," but "Blessed are the courteous." It is the distinguishing mark of true gentility, and its absence indicates the boor or snob, no matter what his rank or millions.

To sum up the whole matter, then, one may say that the essential qualifications for doing business of any kind and under any circumstances are the acquisition of careful business habits, the judgment that has a just appreciation of values, and the possession of a sound code of morals based upon the teaching and tradition of honorable men of all ages.

It is probably true that this standard of business probity may seem impracticable; that absolute and unvarying truth and honesty and fairness sometimes seem to handicap their possessor, and leave him a laggard in the race for wealth. But is wealth all that makes life valuable? Is it worth the moral surrender that its acquisition sometimes demands? And then may it not also be true that there are many men who need only leadership and courageous example to proclaim their adherence to the higher standard? who believe that righteousness, which is right doing, has a large and important place even in the most mercenary transactions, and would gladly strive to have it so? who look upon business as a moral investment also, and who repeat with earnest emphasis the question, asked nineteen hundred years ago, "What shall it profit a man if he shall gain the whole world and lose his soul?"

APPENDIX A

LETTER OF CREDIT

Form 16-3.

Brown Brothers & Co's

CIRCULAR LETTER OF CREDIT.

No. B/R 11212.

New York, _____ *189*

Gentlemen:

We beg to introduce to you

Mr. John Henry Jones,

to whom you will please furnish such funds as he may require up to the aggregate amount of £100, ONE HUNDRED *pounds sterling against demand drafts on* Messrs. BROWN, SHIPLEY & CO., LONDON, *each draft to be plainly marked as drawn under Brown Brothers & Co's Letter of Credit* No. B/R 11212.

We engage that such drafts shall meet with due honor in London if negotiated before SEPTEMBER *30th, 1898, and request you to buy them at the rate at which you purchase demand drafts on London.*

The amount of each draft must be inscribed on the back of this letter and to this we wish to call your special attention. This letter itself should be cancelled and attached to the final draft drawn.

Please see to it that the drafts be signed in your presence and carefully compare the signature with the one below.

We are, Gentlemen,

Your obedient Servants,

NOT EXCEEDING ONE HUNDRED POUNDS

(*Signed*) *Brown Brothers & Co.*

To Messrs.
The Bankers mentioned on the third page of this Letter of Credit.

The Signature of
(*Signed*)
John H. Jones.

APPENDIX B

RULES FOR COMPUTING INTEREST

The following will be found to be excellent rules for finding the interest on any principal for any number of days. When the principal contains cents, point off four places from the right of the result to express the interest in dollars and cents. When the principal contains dollars only, point off two places.

Four per cent. — Multiply the principal by the number of days to run, and divide by 90.

Five per cent. — Multiply by number of days, and divide by 72.

Six per cent. — Multiply by number of days, and divide by 60.

Seven per cent. — Multiply by number of days, and divide by 52.

Eight per cent. — Multiply by number of days, and divide by 45.

Nine per cent. — Multiply by number of days, and divide by 40.

Ten per cent. — Multiply by number of days, and divide by 36.

Twelve per cent. — Multiply by number of days, and divide by 30.

Fifteen per cent. — Multiply by number of days, and divide by 24.

Eighteen per cent. — Multiply by number of days, and divide by 20.

Twenty per cent. — Multiply by number of days, and divide by 18.

Twenty-four per cent. — Multiply by number of days, and divide by 15.

INTEREST TABLES

4%	$1	$2	$3	$4	$5	$6	$7	$8	$9	$10	$100	$1000
4 days	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.05	.45
8 "	.00	.00	.00	.00	.00	.00	.00	.00	.01	.01	.09	.89
12 "	.00	.00	.00	.00	.00	.01	.01	.01	.01	.02	.14	1.34
16 "	.00	.00	.00	.00	.01	.01	.01	.02	.02	.02	.18	1.78
20 "	.00	.00	.00	.01	.01	.02	.02	.02	.02	.02	.22	2.22
24 "	.00	.00	.01	.01	.02	.02	.02	.02	.03	.03	.27	2.67
28 "	.00	.00	.01	.01	.02	.02	.02	.03	.03	.03	.31	3.11
1 mo.	.00	.00	.01	.02	.02	.02	.03	.03	.03	.04	.34	3.34
2 "	.00	.02	.02	.03	.04	.04	.05	.06	.06	.07	.67	6.67
3 "	.01	.02	.03	.04	.05	.06	.07	.08	.09	.10	1.00	10.00
6 "	.02	.04	.06	.08	.10	.12	.14	.16	.18	.20	2.00	20.00
1 year	.04	.08	.12	.16	.20	.24	.28	.32	.36	.40	4.00	40.00

5%	$1	$2	$3	$4	$5	$6	$7	$8	$9	$10	$100	$1000
4 days	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.06	.56
8 "	.00	.00	.00	.00	.00	.00	.01	.01	.01	.01	.11	1.11
12 "	.00	.00	.00	.00	.01	.01	.01	.02	.02	.02	.17	1.67
16 "	.00	.00	.00	.01	.01	.02	.02	.02	.02	.02	.22	2.22
20 "	.00	.00	.01	.01	.02	.02	.02	.02	.03	.03	.28	2.74
24 "	.00	.00	.01	.02	.02	.02	.03	.03	.03	.04	.34	3.34
28 "	.00	.01	.01	.02	.02	.03	.03	.03	.04	.04	.39	3.84
1 mo.	.00	.01	.02	.02	.02	.03	.03	.04	.04	.04	.42	4.17
2 "	.01	.02	.03	.04	.04	.05	.06	.07	.08	.09	.84	8.34
3 "	.02	.03	.04	.05	.06	.07	.09	.10	.11	.13	1.25	12.50
6 "	.03	.05	.08	.10	.13	.15	.18	.20	.23	.25	2.50	25.00
1 yr.	.05	.10	.15	.20	.25	.30	.35	.40	.45	.50	5.00	50.00

6%	$1	$2	$3	$4	$5	$6	$7	$8	$9	$10	$100	$1000
4 days	.00	.00	.00	.00	.00	.00	.00	.01	.01	.01	.07	.67
8 "	.00	.00	.00	.01	.01	.01	.01	.01	.01	.01	.13	1.33
12 "	.00	.00	.01	.01	.01	.01	.01	.02	.02	.02	.20	2.00
16 "	.00	.01	.01	.01	.01	.02	.02	.02	.02	.03	.27	2.67
20 "	.01	.01	.01	.02	.02	.02	.02	.03	.03	.03	.33	3.33
24 "	.01	.01	.01	.02	.02	.02	.03	.03	.04	.04	.40	4.00
1 mo.	.01	.01	.02	.02	.03	.03	.04	.04	.05	.05	.50	5.00
2 "	.01	.02	.03	.04	.05	.06	.07	.08	.09	.10	1.00	10.00
3 "	.02	.03	.05	.06	.08	.09	.11	.12	.14	.15	1.50	15.00
6 "	.03	.06	.09	.12	.15	.18	.21	.24	.27	.30	3.00	30.00
1 yr.	.06	.12	.18	.24	.30	.36	.42	.48	.54	.60	6.00	60.00

FOREIGN COINS

DENOMINATION	COUNTRY	EQUIVALENT U. S. MONEY
Alfonso	Spain	$4.80
Boliviano	Bolivia	.698
Crown	Norway, Sweden, Denmark	.268
Dollar	British America	1.00
"	Mexico	.758
"	Spain	.94
Drachma	Greece	.193
Florin	Austria	.345
"	Netherlands	.402
Franc	France, Belgium, Switzerland	.193
20 Kroner	Norway, Sweden, Denmark	5.25
Lira	Italy	.193
Mark	German Empire	.238
Milreis of 1000 reis	Brazil	.546
"	Portugal	1.08
Peseta of 100 centimes	Spain	.193
Peso	Chili	.912
"	Cuba	.926
Piaster	Egypt	.049
"	Turkey	.044
Pound Sterling (sovereign)	England	4.87
Rouble of 100 copecks	Russia	.558
Shilling	England	.24
Sol	Peru	.698
Thaler (3 marks)	Germany	.70
Yen	Japan	.888

Explanation of the Currencies of the various Countries

AUSTRIA AND RUSSIA. — The paper currencies are continually subject to important fluctuations.

In FRANCE, BELGIUM, SWITZERLAND, AND ITALY, 1 franc = 100 centimes. GERMANY, 1 mark = 100 pfennig. HOLLAND, 1 florin or gulden = 100 cents. NORWAY, SWEDEN, AND DENMARK, 1 kroner = 100 öre. UNITED STATES, 1 dollar = 100 cents. SPAIN, 1 peseta = 100 centavos. AUSTRIA, 1 florin = 100 kreuzer. PORTUGAL, 1 milreis = 1000 reis. GREECE, 1 drachma = 100 leptas. TURKEY, 1 piaster = 40 paras. RUSSIA, 1 rouble = 100 copecks.

Italian notes and silver are not current in France, Belgium, and Switzerland, but the silver of these countries passes current in Italy.

RATE OF INCOME ON STOCKS

Purchased at the following prices (par value being $100), and bearing interest at the following rates: —

Paid	3 per cent	4 per cent	5 per cent	6 per cent	7 per cent	8 per cent	9 per cent
$50	6.00	8.00	10.00	12.00	14.00	16.00	18.00
55	5.45	7.27	9.09	10.90	12.72	14.55	16.36
60	5.00	6.67	8.33	10.00	11.66	13.33	15.00
65	4.62	6.15	7.69	9.23	10.76	12.30	13.85
70	4.28	5.71	7.14	8.57	10.00	11.42	12.85
75	4.00	5.33	6.66	8.00	9.33	10.66	12.00
80	3.75	5.00	6.25	7.50	8.75	10.00	11.25
85	3.53	4.70	5.88	7.05	8.23	9.41	10.58
90	3.33	4.44	5.55	6.66	7.77	8.88	10.00
91	3.30	4.40	5.49	6.59	7.69	8.79	9.89
92	3.26	4.34	5.43	6.52	7.60	8.70	9.78
93	3.23	4.30	5.38	6.45	7.53	8.60	9.68
94	3.19	4.26	5.32	6.38	7.45	8.51	9.57
95	3.15	4.21	5.26	6.31	7.36	8.42	9.47
96	3.13	4.17	5.21	6.25	7.29	8.33	9.38
97	3.09	4.12	5.15	6.18	7.22	8.25	9.28
98	3.06	4.08	5.10	6.12	7.14	8.16	9.18
99	3.03	4.04	5.05	6.06	7.07	8.08	9.09
101	2.97	3.96	4.95	5.94	6.93	7.92	8.91
102	2.94	3.92	4.90	5.88	6.86	7.84	8.82
103	2.91	3.88	4.85	5.83	6.80	7.77	8.74
104	2.88	3.85	4.81	5.77	6.73	7.69	8.65
105	2.86	3.80	4.76	5.71	6.66	7.61	8.57
106	2.83	3.77	4.72	5.66	6.60	7.55	8.49
107	2.80	3.74	4.67	5.61	6.54	7.48	8.41
108	2.78	3.70	4.63	5.56	6.48	7.41	8.33
110	2.72	3.63	4.54	5.45	6.36	7.27	8.18
120	2.50	3.33	4.16	5.00	5.83	6.66	7.50

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